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# IRAN'S INFLUENCE AND ACTIVITY IN LATIN AMERICA

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HEARING

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE, PEACE CORPS, AND GLOBAL NARCOTICS AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

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# IRAN'S INFLUENCE AND ACTIVITY IN LATIN AMERICA

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THURSDAY, FEBRUARY 16, 2012

U.S. Senate,
Subcommittee on Western Hemisphere,
Peace Corps, and Global Narcotics Affairs,
Committee on Foreign Relations,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Robert Menendez (chairman of the subcommittee) presiding.

Present: Senators Menendez and Rubio.

OPENING STATEMENT OF HON. ROBERT MENENDEZ,
U.S. SENATOR FROM NEW JERSEY

Senator Menendez. Good morning. This hearing of the Western Hemisphere, Peace Corps, and Global Narcotics Affairs Committee will come to order. Let me welcome all of you to our hearing on Iran's influence and activity in Latin America. I want to thank all of our panelists for coming today and I look forward to hearing your assessment of the growing and multilayered relationship between Iran and countries in Latin America.

Iran is seizing headlines around the world as its leadership pursues a singular agenda, to achieve nuclear weapons capacity. Fortunately, the world is largely united in its view that such a development would be devastating to our national security, to that of our allies, and to the stability of the region. Most of our allies agree that Iran cannot be permitted to succeed in this endeavor and, thanks to the leadership of this Congress and the Obama administration, more pressure has been placed on the Iranian regime than ever before.

In December, the Senate voted unanimously to impose biting sanctions on the Central Bank of Iran that have led to a 25-percent drop in the Iranian currency, the reconsideration of millions of dollars in purchases of petroleum from Iran, and the passage of similar sanctions and an oil embargo by the EU nations. Earlier this month, the Senate Banking Committee further tightened the noose by approving the Iran Sanctions Accountability and Human Rights Act, which imposes sanctions on joint energy ventures and uranium mining ventures, including some Iran has concluded with countries in this hemisphere, and support sanctions on the National Iranian Oil Company, which has also extended its reach into this hemisphere.

As we tighten the noose around the Iranian regime, we must pay close attention to where President Ahmedinejad's increasing isolated government looks for friends and resources. Unfortunately, there are some countries in this hemisphere that, for political or financial gain, have courted Iranian overtures. They proceed at their own risk--the risk of sanctions from the United States and the risks of abetting a terrorist state.

Within 4 years of President Ahmedinejad's election in 2005, Iran opened six new embassies in Latin America, including Bolivia, Chile, Colombia, Ecuador, Nicaragua, and Uruguay, in addition to the five embassies Iran already had. Iran has announced its intention to form a joint oil company with Venezuela, signed a memorandum of understanding to cooperate in oil activities and personnel training with Ecuador, and been awarded the right to explore 12 oil and gas blocks in Bolivia.

In October we learned of Iran directing a plot to assassinate the Saudi Ambassador on United States soil using individuals it believed to be members of the Zetas drug cartel, and 2 months later the Spanish language network Univision aired a documentary that depicted a 2007 cyber attack plot by the Iranian Ambassador in Mexico, in conjunction with diplomatic officials from the Embassies of Venezuela and Cuba, to infiltrate U.S. Government computer systems in the White House, FBI, CIA, and two nuclear facilities. The Venezuelan official profiled in that documentary was later reposted to the Venezuelan consulate in Miami, until the State Department compelled that she be dismissed for her actions while serving in Mexico.

Furthermore, an investigation into the Lebanese Canadian Bank profiled by the New York Times discovered a complicated web of high-ranking Hezbollah officials involved in South American cocaine trafficking trade, as well as an extensive network of money laundering for Colombian and Mexican drug cartels.

When you view this in conjunction with the fact that travel between Iran and both Venezuela and Bolivia does not require visas despite weak commercial and tourist ties between the countries, and the fact that partnering with Venezuelan banks allows Teheran to seek to circumvent financial sanctions, it is impossible to say this issue does not merit more United States attention.

Ahmedinejad has said, ``When the Western countries were trying to isolate Iran, we went to the U.S. back yard.'' We cannot ignore the geostrategic significance of Iran forming alliances with countries in the Western Hemisphere, particularly with anti-American leaders like Hugo Chavez and Daniel Ortega. This is especially threatening in light of the recent plot to assassinate an ambassador on United States soil, which our intelligence community believes is evidence that the leadership in Teheran feels increasingly emboldened in its plan to undermine American interests and those of our allies.

As expressed by our own Director of National Intelligence, James Clapper, in testimony before the Senate Intelligence Committee this month, the Iranian leadership is now, ``more willing to conduct an attack on the United States in response to real or perceived U.S. actions that threaten the regime.''

Iran is a terrorist state whose behavior poses a significant global threat. In the last week, we suspect that Iran has instigated attacks in India, Georgia, and Thailand. Iran has a terrorist history even in Latin America, directing the bombing of the Israeli Embassy and the Jewish Community Center in Buenos Aires in the 1990s.

So what do countries in the hemisphere hope to gain from a relationship with a country as isolated, repressive, and dangerous as Iran? Some may argue that Iranian influence in this hemisphere has yet to materialize, that what Iran actually brings to the table is unfulfilled promises, factories unbuilt, ports undredged, humanitarian aid undelivered; that Venezuela, Nicaragua, Ecuador, and Bolivia allow themselves to be courted by Ahmedinejad to stick a proverbial finger in America's eye, and that may be true. But at the same time, we cannot ignore the possibility, given Iran's worldwide terror escapades, that there is more to the story or that, at a minimum, there will be.

So I called this hearing to sift through the facts, discuss with the experts before us what about Iran's relationship with the nations of our hemisphere should be of serious concern, and discern the appropriate United States response.

With that, I am looking forward to hearing from our witnesses, and will turn to the distinguished ranking member and my colleague, Senator Rubio.

## OPENING STATEMENT OF HON. MARCO RUBIO, U.S. SENATOR FROM FLORIDA

Senator Rubio. Thank you, Mr. Chairman, for holding this hearing. I echo everything you've just said and I just wanted to add a few things.

First let me thank the witnesses. We have a great panel.

Thank you all for being a part of this. I've already read all of your statements, so I look forward to hearing them and answering your questions.

As you've described, Mr. Chairman, the regime in Iran does pose an international threat, not just to the United States, but to the world, and the purpose of this hearing is to examine the increasing role they're playing in the Western Hemisphere and what's behind it.

I think we need to begin by making sure we don't exaggerate things. Iran really is not capable of doing much on its own in the region. All these promises they make about things they're going to build, they very rarely keep any of them. In fact, they haven't kept almost any of them. So a reminder to the people of these countries that the cost-benefit analysis of being associated with Iran isn't necessarily on the benefit side.

I would go on to say, however, that, while it's important to not exaggerate the role they're playing, we need to understand why it is that they're doing what they're doing, and we clearly need to identify that Iran is working in the hemisphere with nations like Venezuela and Cuba and with other governments like the ones in Nicaragua, Bolivia, and Ecuador. These leaders of these countries are basically putting their nations at the service of Iran for the detriment of their people and to their future.

So I think one of the things I hope to hear today is why they're doing it, and I think what I hope you'll explore further in your testimony is a few of the reasons. The first is they're obviously looking--Iran is looking to avoid isolation. They want to be able to point to the world and say, look, we're not alone, these are these other countries that are aligned with us, this is really a Western nation versus a rest of the world type argument, and they want to point to these nations as being part of some sort of new axis that they're helping or they're trying to create.

The second is they're looking for allies to help them circumvent sanctions, allies and other countries that have access to the international banking system that will allow them to circumvent some of the international sanctions that are increasingly growing on Iran.

But the third is the one that I think is most dangerous of all, and that is ultimately they seem to be establishing a platform to potentially carry out asymmetrical attacks against the United States in the region, and it's something that we need to be cognizant of. Now, that may sound farfetched, except that the evidence is increasingly clear that Iran is much bolder in their willingness to attack the United States through terrorism than anyone had ever imagined.

In an open hearing on January 31, the Director of the National Intelligence, James Clapper, acknowledged when he said: ``Iranian officials, probably including Supreme Leader Ali Khamenei, have changed their calculus and are now willing to conduct an attack in the United States.'' That's his assessment of Iran, a nation who is now beginning to see its footprint even more clear in the capitals and in these countries that we've outlined just a moment ago.

The history and the lessons of history are even more startling. Let's remember that it was senior Iranian officials that were linked to the 1992 bombing of the Israeli Embassy in Buenos Aires that killed 30 people, a 1994 bombing at the Argentine-Israeli Mutual Association that killed 85 people.

In October of this year we uncovered a plot by the Quds Force to assassinate the Saudi Arabian Ambassador in the United States in this very city. And earlier this year, the Univision television network had a documentary that showed an Iranian diplomat colluding with what they believed to be Mexican students that were interested in carrying out terrorist attacks against national security targets inside of the United States. It showed the Venezuelan consul in Miami, Livia Acosta Noguera, asking for information and advising the students. Obviously, she was expelled, but it just shows the lengths of which this continues to develop. So you look at all these things and we have cause for concern.

So let me close by saying that I hope the message of today's hearing and the actions moving forward, which I believe are shared by both parties--and I, by the way, would encourage everyone to read an op-ed piece today that ran in the Miami Herald by our esteemed colleague, Senator Lugar, which I really think outlines the challenge before us. I think it's important to send a message to the leaders of both Venezuela and Cuba and to their puppets, the leaders of Nicaragua, Bolivia, and Ecuador, that, No. 1, your people and your nations don't agree with you. They certainly do not want to be associated with a pariah regime like Iran and they recognize that their benefits they get for being associated with a pariah are far outweighed by the cost of being associated with these individuals.

The second message I hope they'll take from today and moving forward is that the leaders of these countries are playing with fire. They're playing with fire because they're associated with an unpredictable group. One thing is to say these ridiculous statements about how great Moamar Qadafi was and what a good hero Assad is. Another thing is to actually give these people operating space in your own country from which they can do things that you can never imagine, and the consequences will be extraordinary. They are playing with fire. It's a very dangerous game they're playing. Their people deserve better and I hope they'll reconsider.

So thank you for holding this hearing on this important topic, Mr. Chairman.

Senator Menendez. Thank you, Senator Rubio.

Let me introduce our panelists. First we'll hear from Dr. Cynthia Arnson, the director of the Latin American Program of the Woodrow Wilson International Center for Scholars. Dr. Arnson recently edited a publication titled ``Iran and Latin America, Threat or Axis of Annoyance,'' and since joining the center's Latin American program in 1994 she has focused on questions of democratic governance, conflict resolution, human rights, the international relations of Latin America, and U.S. policy in the Western Hemisphere.

Next we welcome Mr. Douglas Farah, an adjunct fellow at the Americas Program at CSIS and a senior fellow at the International Assessment and Strategy Center. He is an expert on transnational criminal organizations, insurgencies, ungoverned spaces, illicit money flows, and resource exploitation in Latin America. In recent years he has written extensively about Iran's growing influence in Latin America, the Bolivarian revolution, and transnational criminal and terrorist networks in the region.

We'd also like to welcome Ambassador Roger Noriega back to the committee. He coordinates the American Enterprise Institute's program in Latin America and has served as our Assistant Secretary of State for the Western Hemisphere

Affairs, as well as U.S. Ambassador to the Organization of American States, and is a former staff member of this committee.

Finally, we welcome Ilan Berman, vice president of the American Foreign Policy Council. An expert on regional security in the Middle East, Central Asia, and the Russian Federation, he has consulted for both the U.S. Central Intelligence Agency and the U.S. Department of Defense, and recently returned from an extended fact-finding trip to examine Iran's growing influence in Latin America.

So thank you all for your willingness to share your expertise with the committee. We welcome you and ask you that you limit your testimony to approximately 5 minutes.

Your full testimony will be included in the record.

With that, we'll begin with Dr. Arnson.

STATEMENT OF CYNTHIA J. ARNSON, PH.D., DIRECTOR, LATIN AMERICAN PROGRAM, WOODROW WILSON CENTER, WASHINGTON, DC

Dr. Arnson. Thank you very much, Senator Menendez, and thank you, Senator Rubio, for the invitation to testify on this difficult subject. This is obviously a highly charged topic. International tensions over the purpose and the lack of transparency of Iran's nuclear program have escalated dramatically in recent weeks. The subject of Iran's involvement in Latin America is additionally difficult precisely because there's so little transparency in Iran's economic, security, or intelligence dealings with the region. This is compounded by a parallel or similar lack of transparency among its principal allies in the region, the countries of the so-called ALBA bloc.

The allegations about Iran's activities in Latin America, which both you and Senator Rubio have just outlined, especially those related to its nuclear ambitions and support for terrorism, deserve to be treated with the utmost seriousness. As you mentioned, there is a track record. Five Iranian officials, including the current Defense Minister, along with an operative of Hezbollah, have been accused by the Government of Argentina, and those arrest warrants have been validated by Interpol, for masterminding the two most devastating terrorist attacks in recent Latin American history, the 1992 bombing in Buenos Aires of the Israeli Embassy, and the 1994 bombing of the Jewish Community Center, the AMIA.

This is a political year in the United States, however, and it's easy to see how hot-button issues of Iran and its intentions in the Middle East or in Latin America can become the subject of heated debate and partisan contention. When one adds to this mix the polarizing and stridently anti-United States figure of President Hugo Chavez in Venezuela, the whole mix becomes especially volatile.

I would argue, however, that the politicization of this issue will not and rarely leads to good policy. The assessments of intentions as well as capabilities are by definition hard to make, all the more so when they involve both state and nonstate actors who endeavor to keep their activities secret. Vigilance is essential at this time, as is evidence-based consideration of these difficult issues.

President Ahmedinejad recently concluded a trip to the region, prompted by an invitation to visit Nicaragua to attend the inauguration of President Daniel Ortega. As much as the Iranian President might have derived some satisfaction from this trip, showing up again, as Senator Rubio has indicated, on

the United States doorstep, showing that he could poke the United States in the eye, I think that in a broader sense the trip was a major failure, demonstrating mostly that Iran has lost political ground in the hemisphere.

Ahmedinejad was rebuffed by Brazil, which is Iran's largest trading partner in Latin America, in sharp contrast to reciprocal visits by the Iranian and Brazilian Presidents in 2009 and 2010. The new government of President Dilma Rousseff has voted against Iran in the United Nations, for the first time supporting the sending of a special rapporteur. She has called Iranian human rights violations, including the proposed stoning of a woman convicted of adultery, a ``barbarity'' and ``a medieval practice.''

Argentina, which is Iran's second-largest trading partner, was also not on the itinerary. And despite previous trips to Bolivia, Ahmedinejad did not stop in La Paz, most likely because in May 2011 the Iranian Defense Minister, Vahidi, who was in fact one of those accused of involvement in the terrorist bombings in Argentina, visited Bolivia at the invitation of the defense ministry. Following an outcry, Bolivian President Evo Morales publicly apologized, calling the invitation to Vahidi a ``grave error'' and apologizing to the Jewish community in Argentina, saying that the visit was a mistake.

There were rumors that Ahmedinejad would attend the inauguration of Guatemalan President Otto Perez Molina, which took place at the same time that he was in the region, and I believe that his failure to show up indicates that Guatemalan authorities backpedaled very substantially to prevent that visit from taking place.

Finally, I think it's important to note that Ahmedinejad remains very unpopular in Latin America as a whole. According to the polling firm Latinobarometro, the citizens of the region rank Iran last out of nine countries about which they were asked if they had a favorable opinion. It is interesting and important to note that the United States ranked first.

I'm almost out of time, but I'll say that the economic relationship between Iran and Latin America has grown in recent years, but its significance is easy to exaggerate. The media use words like ``surge'' or ``increasing sevenfold'' to characterize Iran's trade relationship with Brazil, but Iranian-Brazilian trade is a mere 0.6 percent of Brazil's total foreign trade. Iran-Venezuela trade is less than 0.02 percent of Venezuela's total trade. My testimony includes some charts that indicate this.

I share the concern about the efforts of Iran to establish perhaps a military, intelligence, and security presence. The Manhattan district attorney's office has launched an ongoing investigation of Venezuelan collaboration in procuring financing and materials for alleged weapons production in Iran, in violation of United States sanctions. As Doug Farah has written and I'm sure will tell us more, the Iranian financial presence in Caracas potentially serves as a way to bust sanctions.

Both of you have indicated the number of actions that the U.S. Government has taken to sanction Venezuelan diplomats who have served allegedly as facilitators and fundraisers for Hezbollah. The U.S. Government has also sanctioned the Venezuelan oil company, PDVSA, for deliveries of gasoline components in defiance of sanctions against Iran. As you have noted, the U.S. Government implicated an Iranian citizen in an

alleged plot to assassinate the Saudi Ambassador in Washington. We can go on and on.

At the same time, I think it's important, as much as we attempt to investigate with the greatest seriousness the various bits and pieces of information that have come out, most of which are quite alarming, I think it's important to keep this issue in perspective. There are other pressing human security concerns in the hemisphere, including the tens of thousands of people killed in the past several years, primarily in Mexico, but also in Central America, in violence related to narcotrafficking, and the threat to democratic institutions posed by transnational crime.

We should also be careful--this is now the second or third hearing----

Senator Menendez. If I could ask you to summarize.

Dr. Arnson. Final point--that we not allow this issue to overshadow attention to the broader dynamics in the hemisphere, which are marked by economic growth, the fight against poverty and inequality, the emergence of Brazil as a global power, the region's expanding relations with China and Asia, all of which are issues central on the Latin American agenda. Our failure to pay attention to the issues that are important in the region will serve to isolate the United States from our allies in the hemisphere, as much as the issue of Iran's activities in Latin America deserves the utmost serious consideration.

Thank you.

[The prepared statement of Dr. Arnson follows:]

Prepared Statement of Cynthia J. Arnson

Mr. Chairman and members of the subcommittee, thank you for this opportunity to testify on Iran's relationship with Latin America.\1\

This is a highly charged as well as difficult subject.

It is highly charged in that international tensions over the purpose and lack of transparency of Iran's nuclear program have escalated dramatically. Indeed, just as Iranian President Mahmoud Ahmadinejad made yet another trip to the region last month, Iranian authorities threatened to close down the Strait of Hormuz if sanctions were adopted against its sale of oil; Iranian judicial authorities sentenced to death a dual Iranian-American citizen and former U.S. Marine accused of espionage; and speculation about possible military strikes by Israel or the United States against Iran's nuclear installations has increased exponentially. The recent assassination in Tehran of yet another Iranian scientist working on the country's nuclear program--for which Iran blames the Israeli Government--and assassination attempts against Israeli diplomats in India and Georgia--for which Israeli officials blame Iran--have contributed to the thickening of tensions.

The subject of Iran's involvement in Latin America is difficult precisely because there is so little transparency in Iran's economic, security, or intelligence dealings with the region; this problem is compounded by a similar lack of transparency among its principal allies in the region, the countries of the so-called ALBA bloc.\2\ What is assumption, speculation, or suspicion and what is hard evidence based on reliable sources? The allegations are many and serious but the ability to verify definitively is often lacking. There are disagreements within and outside the U.S. Government about the precise contours of the relationship. For example, in April 2010, a Department of Defense report to Congress indicated that the elite unit of Iran's Islamic Revolutionary Guard Corps, the Quds Force, had increased its presence in Latin America, particularly in Venezuela. Yet shortly

thereafter, General Douglas Fraser, head of the U.S. Southern Command, stated that Iran's growing interest in, and engagement with, Venezuela was diplomatic and commercial, not military. Secretary of State Hillary Clinton stated in 2009 that Iran was building a large embassy in Nicaragua; the report turned out to be false.

The allegations about Iran's activities in Latin America, especially those related to its nuclear program and support for terrorism, deserve to be treated with the utmost seriousness. There is a track record: five Iranian officials, including the current Defense Minister, along with an operative of Hezbollah have been accused by the Government of Argentina--and arrest warrants have been issued by INTERPOL--for masterminding and staging two of the most devastating terrorist attacks in recent Latin American history: the 1992 bombing in Buenos Aires of the Israeli Embassy, and the 1994 bombing of the Jewish community center known as the AMIA. One hundred fourteen people died in those attacks and hundreds more were wounded.

In this political year in the United States, however, it is easy to see how the hot-button issues of Iran and its intentions--in the Middle East or Latin America--can become the subject of heated debate and partisan contention. When one adds the polarizing and stridently anti-U.S figure of President Hugo Chavez of Venezuela, the mix becomes especially volatile. Politicization of issues, however, rarely leads to good policy. Assessments of intentions as well as capabilities are by definition hard to make, all the more so when they involve activities that state and nonstate actors endeavor to keep secret. Vigilance is essential, as is evidence-based consideration of difficult issues.

Iran's relationship with the Western Hemisphere goes back half a century or longer. Venezuela and Iran were founding members of OPEC in the 1960s, and for decades pursued a common agenda around keeping oil prices high. Iran also sought to expand commercial relations with Mexico and Brazil, and through the Non-Aligned Movement established friendly relations with a number of Latin American countries. The overtly political aspects of the current relationship deepened after the 1979 Iranian revolution, the same year in which the Sandinistas took power in Nicaragua. The election of Iranian President Mahmoud Ahmadinejad in 2005 and his promotion of an ``aggressive foreign policy'' to counter Iran's international isolation marked a new phase in Iran's relationship with Latin America, and it is this current phase that has been of greatest concern to the Washington policy community.\3\

The relationship between Iran and several Latin American countries since in 2005 is driven by multiple factors. These include, for both sides, economic self-interest--the search for new trade partners and markets--the desire to assert foreign policy independence and sovereignty and diversify international partners beyond the United States, and for some, a shared anti-U.S., ``anti-imperialist'' agenda. Negotiations over Iran's nuclear program served as an opportunity for Brazil during the Lula administration to project its own global ambitions, even if such efforts were highly controversial within Brazil and in the United States at the time. (As described below, the government of current President, Dilma Rousseff, has adopted a significantly different posture.) Venezuelan President Hugo Chavez has most actively courted Ahmadinejad, using the relationship to express antipathy to, and score propaganda points against, the United States. He has facilitated Iran's relationships with ALBA allies such as Nicaragua, Ecuador, and Bolivia, whose governments similarly exploit antagonism with the United States for internal political purposes, albeit to a degree far less than Venezuela.

President Ahmadinejad's most recent trip to the region in January 2012 was organized around an invitation to attend the Presidential inauguration of Daniel Ortega in Nicaragua; the agenda also included

Venezuela, Ecuador, and Cuba. Ahmadinejad may have derived some political satisfaction from the trip; he showed up once again on the U.S. doorstep, attempted to demonstrate that Iran was not entirely isolated internationally; and was joined by leaders in Caracas and Quito in rejecting claims that Iran's nuclear program was for anything but peaceful purposes. In a broader sense, however, the trip was a major failure, demonstrating that Iran has lost political ground in the region:

- Ahmadinejad was rebuffed by Brazil, Iran's largest trading partner in Latin America, in stark contrast to the visits by Ahmadinejad and Lula to each other's capitals in 2009 and 2010, respectively. In March 2011, the government of President Dilma Rousseff voted against Iran in the United Nations for the first time in a decade, supporting a resolution in the Human Rights Council to send a special rapporteur to Iran to investigate human rights violations. As President-elect, Rousseff condemned the sentence--death by stoning--of an Iranian woman convicted of adultery, calling the proposed punishment a ``barbarity'' and a ``medieval practice.'' Brasilia ultimately abstained when the rapporteur's final report on human rights in Iran was brought to a vote. But a spokesman for Ahmadinejad in Tehran publicly criticized Rousseff for ``destroying years of good relations'' built up under President Lula.
- Argentina, Iran's second-largest trading partner, was also off the itinerary.
  Despite a growth in bilateral trade, the issue of Iran's role in the two terrorist bombings in the 1990s precludes a deeper relationship.\4\
- Despite previous visits to Bolivia, Ahmadinejad did not stop in La Paz. In May 2011, Iranian Defense Minister Ahmad Vahidi--accused by the Argentine Government of involvement in the AMIA case--visited Bolivia at the invitation of the Defense Ministry. Following an outcry in Argentina, Bolivian President Evo Morales publicly apologized, calling the invitation to Vahidi a ``grave error.'' Morales also apologized to representatives of Argentina's Jewish community, saying that the visit was a ``mistake.''
- Ahmadinejad did not attend the inauguration of Guatemalan President Otto Perez Molina, even though its timing coincided with the trip to the other four countries, and even though reports in the Guatemalan press indicate that Ahmadinejad had been invited, along with the Presidents of all countries with which Guatemala has diplomatic relations.
- The relationship with Cuba also manifests some important areas of divergence. Fidel Castro has openly condemned the IranianGgovernment's anti-Semitism and denial of the Holocaust.
- Finally, Ahmadinejad remains extremely unpopular in Latin America as a whole. According to the polling firm Latinobarometro in 2011, citizens of the region ranked Iran last out of nine countries about which they were asked if they had a favorable opinion. (The United States ranked first.)\5\

The economic relationship between Iran and Latin America has grown in recent years, but its significance is also easy to exaggerate (see Table 1). The media use words like ``surge'' and ``sevenfold'' increase to characterize Iran's trade relationship with Brazil. Yet the $2.1 billion in bilateral trade in 2010 constituted less than 0.6 percent of Brazil's total foreign trade (see Table 2). Similarly, Iran-Venezuela trade is less than 0.02 percent of Venezuela's total trade. According to IMF statistics reported by the European Commission, Iran ranks 27th

among Brazil's trading partners, and ranks only 48th for Venezuela. Of Iran's major trade partners, Brazil appears in 18th place, and Argentina is in 34th place (both are dwarfed by Iran's trade with the United Arab Emirates, China, India, Japan, Turkey, and South Korea). Notably, none of the countries of the ALBA bloc figures among Iran's top 50 trading partners.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Similar exaggeration characterizes Iran's aid and investment to its closest allies in Latin America. Scores, if not hundreds, of cooperation agreements have been signed and billions upon billions have been pledged, in areas as diverse as energy, infrastructure and port development, agriculture, cement, textiles, and mining. Most of the projects have not and will never come to fruition, in no small measure because they are unpopular in Iran. The Iranian Parliament must approve funding for such projects and opposition is stiff in light of the economic pain inflicted by international sanctions.

Iran's behavior in the international system, from the support of terrorist movements to the defiance of the international community with respect to inspections of its nuclear program, raises the most concern and alarm about its increased activities in Latin America. Several years ago the Manhattan District Attorney's office launched an ongoing investigation of Venezuelan collaboration with Iran to procure financing and materials (including uranium) for weapons production in violation of U.S. and international sanctions. The Iranian financial presence in Caracas, through the Banco Internacional de Desarrollo (BID) and the Banco Binacional Irani-Venezolano, raise concerns about Iran's use of the Venezuelan banking system to avoid sanctions. Indeed, the Toseyeh Saderat Iran Bank, the primary shareholder in the BID, was designated by the U.S. Treasury Department in 2007 as a vehicle for the funding of Hezbollah.\6\

There is every reason to be watchful and vigilant, and treat allegations about Iran's military and intelligence activities in the region with the utmost seriousness. As mentioned earlier, the secrecy and lack of transparency that characterize the behavior of the Iranian regime, including its dealings with allies in Latin American on economic as well as military matters, heighten the level of concern. The U.S. Department of Treasury in 2008 accused a Venezuelan diplomat who had served in Lebanon and Syria of acting as a facilitator and fundraiser for Hezbollah.\7\ In May 2011, the U.S. Government sanctioned the state-owned Venezuelan oil company PdVSA for deliveries of gasoline components to Iran in defiance of sanctions. In October 2011, the U.S. Government implicated an Iranian citizen in an alleged plot to arrange the assassination of the Saudi Ambassador in Washington. In January 2012, the Obama administration expelled Venezuela's consul in Miami, Livia Acosta, following the airing of a television documentary linking her to the planning of cyber attacks on the United States.

Allegations about Iranian efforts to obtain uranium in Venezuela and Bolivia are more difficult to substantiate, but these, along with questions raised about an increased presence of the Quds Force in Iranian diplomatic missions, should be further investigated. At the same time, counterevidence should also be weighed seriously. For example, in 2011 a reporter writing for the Wilson Quarterly attempted to learn more about the direct flights between Caracas and Tehran inaugurated in 2007. But when he visited the office of the Venezuelan airline, Conviasa, to inquire about purchasing a ticket, he was told that the service had been canceled ``about a year ago.'' Similarly, the same reporter who visited a car dealer to inquire about purchasing a

vehicle made by the joint Venezuelan-Iranian car and tractor manufacturer Veniran was told there weren't any and that there was a waiting list from 2010 of more than 4,000 customers.\8\ Is this the definitive word? Probably not. Sifting through what is real and what is not is an important and indeed urgent task.

At the same time, other pressing human security concerns in the hemisphere, including the tens of thousands of people killed in the past several years in violence related to narcotrafficking or the threat to democratic institutions posed by transnational crime also deserve serious attention. Attention to this issue should not overshadow the broader dynamics in the hemisphere, marked by economic growth, the fight against poverty and inequality, the emergence of Brazil as a global actor, expanded relations with China and other Asian countries, democratic deepening, and a growing clamor for the United States to reform its immigration and counterdrug policies. Losing sight of the concerns and priorities of Latin American countries themselves risks isolating the United States from important allies in the hemisphere; these countries will look elsewhere for global partners who share their priorities and are willing to act on a common agenda.

Thank you for your consideration.

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End Notes

\1\ I am grateful to Adam Stubits, Program Associate at the Woodrow Wilson Center, and interns Julie Anderson, Melissa Nolan, and Hanif Zarrabi-Kashani for research assistance.

\2\ The Bolivarian Alliance of the Peoples of our America (ALBA) was founded in 2004 and includes Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, St. Vincent and the Grenadines, and Venezuela.

\3\ For additional background on Iran's foreign policy toward the region, see Farideh Fahri, ``Tehran's Perspective on Iran-Latin American Relations,'' in Cynthia Arnson, Haleh Esfandiari, and Adam Stubits, eds., ``Iran in Latin America: Threat or `Axis of Annoyance'?'' Woodrow Wilson International Center for Scholars, Latin American Program and Middle East Program, 2009, http://www.wilsoncenter.org/sites/default/files/Iran_in_LA.pdf

\4\ Press reports that the Argentine Foreign Ministry was contemplating a warming of relations with Iran and a softening of the position vis-a-vis the 1990s bombings caused a firestorm. Whatever the validity of the reports, the Argentine Government's position remains unchanged.

\5\ The United States had a 72-percent favorable rating, followed by Spain (71 percent). Ranked more favorably than Iran were the European Union, China, Canada, Venezuela, Cuba, Israel.

\6\ See Douglas Farah, ``Iran in Latin America: An Overview,'' in Cynthia Arnson, Haleh Esfandiari, and Adam Stubits, eds., op.cit.

\7\ In January 2011, a Congressional Research Service report on Hezbollah noted that ``there is little credible evidence of the present activity of operational Hezbollah cells in Latin America,'' but indicated that Hezbollah and its supporters and sympathizers were involved in illegal activities such as drugs and arms trafficking, money laundering, and other forms transnational crime.

\8\ Joshua Kucera, ``What is Hugo Chavez Up To?'' Wilson Quarterly, Vol. 35, No. 2, Spring 2011.

Senator Menendez. Thank you.

Mr. Farah.

STATEMENT OF DOUGLAS FARAH, SENIOR FELLOW, INTERNATIONAL

ASSESSMENT AND STRATEGY CENTER, WASHINGTON, DC

Mr. Farah. Thank you, Chairman Menendez and Ranking Member Rubio and members of the subcommittee, for the opportunity to testify today on an issue I feel is of profound importance.

Latin America is undergoing significant changes as numerous extra-regional state actors with little history in the region engage there in trade, military sales, resource extraction, and intelligence collection on an unprecedented scale. These include China, Russia, and Iran. While the interests of Russia and China will often diverge from those of the United States, the interests of Iran, a state sponsor of terrorism and sponsor of a terrorist group operating in the region, are directly and openly antagonistic.

Iran's interests lie in strengthening ties to the highly criminalized states in the Bolivarian axis. Iran and the Bolivarian states, led by Hugo Chavez, including Rafael Correa of Ecuador, Evo Morales of Bolivia, and Ortega in Nicaragua, bring a significant and dangerous new set of threats to the region as they work together with transnational organized criminal groups and terrorist groups. This threat includes not only drug trafficking, but also the potential for WMD-related trafficking.

These activities are carried out with the participation of regional and extra-regional state actors who have a publicly articulated doctrine of asymmetrical warfare against the United States and its allies that explicitly endorses as legitimate the use of WMD in that struggle. This is still a statement of intentions, not of capacity, but, given Iran's past terrorist activities, this intent must be taken seriously.

The goal of Iran's presence in the region is twofold in my opinion: to develop the capacity and capability to wreak havoc in Latin America and possibly the United States homeland if the Iranian leadership views this as necessary to the survival of its nuclear program; and to develop and expand the ability to blunt international sanctions that are crippling the regime's economic life. These corrosive activities are accelerating the weakening of states and hollowing out of many of the first generation democracies in Latin America and setting a predicate for the reassertion of authoritarian rule in these states and their neighbors.

The relationship between Iran and the Bolivarian states is built on a shared perception of history and grievances against the United States that leads directly to the doctrine of asymmetrical warfare and the embrace of the concept of justified use of WMD against their enemies. While Iran's rulers view the 1979 Iranian revolution in theological terms as a miracle of divine intervention against the United States, the ``Great Satan,'' in which they defeated the Great Satan, the Bolivarians' view this as a roadmap of how to defeat the United States through asymmetrical means.

Among the first to articulate the merging of radical Shiite Islamic thought with Marxist aspirations of destroying capitalism and U.S. hegemony was Ilich Sanchez Ramirez, better known as ``Carlos the Jackal,'' a Venezuelan citizen who until his arrest in 1994 was one of the world's most wanted terrorists. Sanchez Ramirez writes that Islamism and Marxism combined could form a global anti-imperialist front that would definitively destroy the United States, globalization, and imperialism. In his seminal 2003 book ``Revolutionary Islam,'' written from prison where he is serving a life sentence,

Sanchez Ramirez praises Osama bin Laden and the 9-11 attacks and warns that, ``from now on terrorism is going to be more or less a daily part of the landscape of your rotting democracies.''

The public praise of Chavez for Sanchez Ramirez is a crucial element in Bolivarian ideology. In a 1999 letter to Sanchez Ramirez, Chavez greeted the terrorist as a distinguished compatriot and wrote that, ``Swimming in the depths of your letter of solidarity, I could hear the pulse of our shared insight that everything has its due time, a time when you can fight outright for principles and a time when you must choose the proper fight.'' He signs off: ``with profound faith in our cause and our mission, now and forever, Hugo Chavez.''

Chavez has adopted as his military doctrine the concepts and strategies articulated in ``Peripheral Warfare and Revolutionary Islam: Origins, Rules, and Ethics of Asymmetrical Warfare,'' by Spanish politician and ideologue, Jorge Verstrynge. I have a copy of the book here if you'd like to look at it later.

The tract is a continuation of Sanchez Ramirez's thought, incorporating the endorsement of the use of WMD to destroy the United States. Chavez liked Verstrynge's book so well that he had a special pocket-sized edition--I also have a copy of that here--printed and distributed to his officer corps, with the Venezuelan flag imprinted on the cover, and making it the official military doctrine of the Venezuelan military.

To further ingrain this teaching and eradicate any vestiges of U.S. military doctrine in the region, Chavez and other Bolivarian leaders, in conjunction with Iran, have recently opened a new military academy to teach Bolivarian military doctrine, operating in Santa Cruz, Bolivia. Iran's interest in the project was made clear when Iranian Defense Minister Ahmad Vahidi arrived in Bolivia for the school's inauguration. He had to leave, of course, before it was actually inaugurated when his presence caused an international outrage.

Iran and its Bolivarian allies systematically engage in a pattern of financial behavior, recruitment exercises, and business activities that are not economically rational and could be used for the movement and/or production of WMD and the furthering of Iran's stated aim of avoiding international sanctions.

These include significant investments in financial institutions in the region that can easily be used to move money from Iran to banks around the world through third parties. Among the most important are the Banco Internacionale de Desarrollo, the Export Development Bank of Iran, the Fondo Binacional Venezuela-Iran, established in 2008 with a capital of $1.2 billion, and FONDEN, the Fondo de Desarrollo Nacionale, which is most interesting because it receives direct injects from the PRVSA, and in 2010 official government figures showed that FONDEN had received $15 billion in money that was not officially part of the state coffers. From 2005 to 2010, an estimated $63 billion had been put into that fund and disappeared from public accounting.

Finally, Iran's Sadra Marine Industry Company, which operates illicit shipping or sanctioned shipping companies around the world, is also owned by the Revolutionary Guard and operates out of Venezuela.

Finally, I would like to say that one of the most significant new developments I've found is Panama's role in

helping Iran avoid sanctions, often through Venezuelan front companies operating in the Colon Free Trade Zone. Iranians traveling in the region often use identity cards issued by Bolivarian states, particularly Ecuador and Venezuela, to move freely across the region.

I'd welcome your questions afterward. Thank you.

[The prepared statement of Mr. Farah follows:]

## Prepared Statement of Douglas Farah

Thank you Chairman Menedez, Ranking Member Rubio, and members of the subcommittee for the opportunity to testify today on an issue that I feel is of profound importance to the security of the Homeland as well as the survival of democracy in Latin America.

### the regional context

In order to understand Iran's role in the region it is important to understand the overall context in which its diplomatic, military, intelligence and economic expansion is taking place. Latin America is undergoing significant changes as numerous extra-regional state actors with little history in the region engage there in trade, military sales, resource extraction, and intelligence collection on an unprecedented scale.

These include China, Russia, and Iran. While the interest of Russia and China will often diverge from those of the United States in the region, the interests of Iran--a state sponsor of terrorism and sponsor of a terrorist group operating in the region--are directly and openly antagonistic. Iran's interests lie in strengthening ties to highly criminalized states in the ``Bolivarian'' axis\1\, whose leaders, while espousing 21st century socialism, are deeply involved in transnational organized crime (TOC) enterprises, particularly the cocaine trade.

The Bolivarian bloc of nations--led by Hugo Chavez of Venezuela, includes Rafael Correa of Ecuador, Evo Morales of Bolivia, and Daniel Ortega of Nicaragua--seeks to break the traditional ties of the region to the United States.

To this end, the Bolivarian alliance has formed numerous organizations and military alliances--including a military academy in Bolivia to erase the vestiges of U.S. military training from the militaries--which explicitly exclude the United States.\2\ What the academy, partly financed by Iran, is teaching in its place, as I will discuss later, is a military doctrine explicitly based on a concept of asymmetrical warfare modeled on Hezbollah, the terrorist group in Lebanon that receives extensive financing and support from Iran.

Iran and the Bolivarian states bring a significant and dangerous new set of threats to the region as they work together with TOCs and terrorist groups. This threat includes not only traditional TOC activities such as drug trafficking and human trafficking, but also the potential for WMD-related trafficking. These activities are carried out with the participation of regional and extra regional state actors whose leaders are deeply enmeshed in criminal activities. These same leaders have a publicly articulated doctrine of asymmetrical warfare against the United States and its allies that explicitly endorses as legitimate the use of weapons of mass destruction in that struggle.

This is, at this point a statement of intentions and not one of capacity. But, given Iran's past terrorist activities, including the 1994 AMIA bombing in Argentina, the intent of the statement should be taken seriously. Given the publicly stated intent of the Bolivarian nations to not comply with the United Nations trade sanctions on Iran, expressed at a joint meeting of Foreign Ministers in Tehran on July 14, 2010, it is safe to assume, I believe, that the economic ties with Iran will deepen.

In a joint statement, the Foreign Ministers of Venezuela, Bolivia,

Ecuador, Nicaragua, and other members of the Chavez-led ALBA alliance vowed to ``continue and expand their economic ties with Iran.'' ``We are confident that Iran can give a crushing response to the threats and sanctions imposed by the West and imperialism,'' Venezuelan Foreign Minister David Velasquez said at a joint press conference in Tehran.\3\

Each of the Bolivarian states has lifted visa requirements for Iranian citizens, thereby erasing any public record of the Iranian citizens that transit these countries. Given the extremely small number of tourists that ply the routes from Iran to Latin America, and the relatively small number of businessmen who are not tied to the Iranian state, one can assume most of the travel is related to Iranian officials.

According to data I have collected, many hundreds of Iranian citizens, if not thousands, travel to Latin America on undisclosed business. More than 400 Iranians traveled just to Panama in 2011, and an even higher number travel regularly to Ecuador, Bolivia, and Venezuela.

Panama is a significant new player in helping Iran avoid sanctions, often through Venezuelan front companies operating in the Colon Free Trade Zone. Iranians traveling in the region often use identity cards issued by Boliviarian states, including Ecuador and Venezuela, to move freely across the region.

The intentions of Iran in the region have long been a subject of debate; but today there is a much clearer indication available, to both the intelligence community and investigators on the ground, that the goal of Iran's presence in the region is twofold: to develop the capacity and capability to wreak havoc in Latin America--and possibly the U.S. homeland--if the Iranian leadership views this as necessary to the survival of its nuclear program; and, to develop and expand the ability to avoid international sanctions that are increasingly crippling the regime's economic life.

As James Clapper, the Director of National Intelligence recently stated, ``some Iranian officials--probably including Supreme Leader Ali Khamenei--have changed their calculus and are now more willing to conduct an attack in the United States in response to real or perceived U.S. actions that threaten the regime. We are also concerned about Iranian plotting against U.S. or allied interests overseas.'' \4\

A recent Univision documentary ``La Amenaza Irani'' (The Iranian Threat) showed Iranian diplomats in Mexico, working with their Venezuelan and Cuban counterparts, to try to develop the capacity to carry out a sophisticated cyber attack against U.S. military, nuclear, and economic targets. The documentary shows military training provided by Hezbollah to Venezuelan militias directly under the control of Chavez, with weapons and ammunition provided by the Venezuelan military. It also identifies by name the leaders of Hezbollah in Venezuela.\5\

Some of what is happening in Latin America in terms of TOC is deeply rooted and goes back several decades. Significant TOC organizations, principally drug trafficking groups, have posed serious challenges for U.S. security since the rise of the Medellin cartel in the early 1980s, the growth of the Mexican drug trafficking organizations in the 1990s, and continuing to the situation we see in Mexico and Central America today.

This emerging combination of threats comprises a hybrid of criminal-terrorist, and state- and non-state franchises, combining multiple nations acting in concert, and traditional TOCs and terrorist groups acting as proxies for the nation-states that sponsor them. These hybrid franchises should now be viewed as a tier-one security threat for the United States.

These franchises operate in, and control, specific geographic territories which enable them to function in a relatively safe

environment. The franchises comprise pipelines, or recombinant chains of networks, which are highly adaptive and able to move a multiplicity of illicit products (cocaine, weapons, humans, bulk cash) which ultimately cross U.S. borders undetected thousands of times each day. The actors along the pipeline form and dissolve alliances quickly, occupy both physical and cyber space, and use both highly developed and modern institutions, including the global financial system, as well as ancient smuggling routes and methods.

The threat increases dramatically with the nesting of criminal/terrorist groups within governments that are closely aligned ideologically, such as Iran and the Bolivarian states in Latin America; and, when TOC becomes an instrument of state power. The primary nonstate actors in this case are the Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia-FARC) and Hezbollah; both are U.S.-designated terrorist organizations with significant involvement in TOC activities.

These corrosive activities, taken together, are accelerating the weakening of states, hollowing-out of many of the first-generation democracies and their constitutional and civil society processes, and setting a predicate for a reassertion of authoritarian rule and ruin in these states and their neighbors. These states' survival and growth are critical to long-term regional and U.S. security.

Concurrently, we see the further empowerment, training, and technological support of the oppressive internal security apparatuses in the increasingly undemocratic Bolivarian states provided by the Iran-Hezbollah-ICRG/Quds forces combine. Other outside powers, notably China and Russia further compound these efforts. However Iran, Hezbollah, and the ICRG/Quds forces are the sharpest edge of this sword at present, and the one most openly aimed at the U.S., and least tractable to diplomacy.

All of this comes at the expense of U.S. influence, security and trade--including energy security, and hence economic and infrastructure security (Venezuela is the fourth-largest supplier of U.S. petroleum imports, just behind Mexico; indeed Latin America is our second-largest source of petroleum imports overall, only slightly behind the Middle East). While this hearing focuses on Hezbollah, the nonstate, armed branch of radical Shiite Islamists, one cannot ignore the direct relationship of this organization to state sponsors. As the DIA noted in 2010:

> The Qods Force stations operatives in foreign embassies, charities, and religious/cultural institutions to foster relationships with people, often building on existing socio-economic ties with the well-established Shia diaspora. At the same time, it engages in paramilitary operations to support extremists and destabilize unfriendly regimes. The IRGC and Quds Force are behind some of the deadliest terrorist attacks of the past three decades, including the 1983 and 1984 bombings of the U.S. Embassy and annex in Beirut, the 1983 bombing of the Marine barracks in Beirut, the 1994 attack on the AMIA Jewish Community Center in Buenos Aires, the 1996 Khobar Towers bombing in Saudi Arabia, and many of the insurgent attacks on coalition and Iraqi security forces in Iraq since 2003. Generally, it directs and supports groups actually executing the attacks, thereby maintaining plausible deniability within the international community.
>
> Support for these extremists takes the form of providing arms, funding, and paramilitary training. In this, Quds Force is not constrained by ideology; many of the groups it supports do not share, and sometimes openly oppose, Iranian revolutionary principles, but Iran supports them because of

common interests or enemies.

The Quds Force maintains operational capabilities around the world. It is well established in the Middle East and North Africa, and recent years have witnessed an increased presence in Latin America, particularly in Venezuela [author emphasis]. As U.S. involvement in global conflicts deepens, contact with the Quds Force, directly or through extremist groups it supports, will be more frequent and consequential.\6\

As the DIA notes, many groups, including the Quds Force, are no longer constrained by ideology or theology, but work with whomever they have a common, though perhaps temporary, common interest. This growing TOC threat in multiple theaters was recognized in President Obama's recent ``Strategy to Combat Transnational Organized Crime,'' released in July 2011. It was the first such strategy released since the end of the Clinton administration, an indication of how other priorities have eclipsed TOC in recent times.\7\ The strategy states that TOC networks ``are proliferating, striking new and powerful alliances, and engaging in a range of illicit activities as never before. The result is a convergence of threats that have evolved to become more complex, volatile and destabilizing.'' \8\

The Strategy also noted that

Terrorists and insurgents increasingly are turning to crime and criminal networks for funding and logistics. In FY 2010, 29 of the 63 top drug trafficking organizations identified by the Department of Justice had links to terrorist organizations. While many terrorist links to TOC are opportunistic, this nexus is dangerous, especially if it leads a TOC network to facilitate the transfer of weapons of mass destruction material to terrorists.\9\

The profits of global TOC activities, even before factoring in the growing efficiencies derived from state sponsorship and protection, are enormous. The sheer scale of the enterprise, and the impact it has on legal economies, argues for sustained national and international attention and resources as a tier-one security threat. These new factors further increase the threat.

The most recent comprehensive studies of global criminal proceeds demonstrate the magnitude of the challenge. The White House estimates in its 2011 ``Transnational Organized Crime Strategy'' that money laundering accounts for $1.3 trillion to $3.3 trillion--or between 2 percent and 5 percent of the world GDP. Bribery from TOCs adds close to $1 trillion to that amount, while drug trafficking generates an estimated $750 billion to $1 trillion, counterfeited and pirated goods add another $500 billion, and illicit firearms sales generate from $170 billion to $320 billion. This totals to potentially $6.2 trillion--fully 10 percent of world GDP--placing it behind only the U.S. and E.U., but well ahead of China, in terms of global GDP ranking.\10\ Other estimates of global criminal proceeds range from a low of about 4 percent to a high of 15 percent of global GDP.\11\

Understanding and mitigating the threat requires a whole-of-government approach, including collection, analysis, law enforcement, policy and programming. No longer is the state/nonstate dichotomy viable in tackling these problems, just as the TOC/terrorism divide is increasingly disappearing.

## the bolivarian and iranian revolutions: ties that bind

Iran, identified by successive U.S. administrations as a state sponsor of terrorism, has expanded its political alliances, diplomatic presence, trade initiatives, and military and intelligence programs in the Bolivarian axis.

This press for expanded ties comes despite the almost complete lack of cultural or religious ties to the region, linguistic affinity, or traditional economic logic and rationale in the relationships. The relationship, in fact, is built on a common perception of history and grievances against the United States that lead directly to the doctrine of asymmetrical warfare and the embrace of the concept of justified use of WMD against its enemies.

The most common assumption among those who view the Iran-Bolivarian alliance as troublesome (and many do not view it as a significant threat at all), is that sole points of convergence of the radical and reactionary theocratic Iranian Government and the self-proclaimed socialist and progressive Bolivarian revolution are: (1) an overt and often stated hatred for the United States and a shared belief in how to destroy a common enemy; and (2) a shared acceptance of authoritarian state structures that tolerate little dissent and encroach on all aspects of a citizen's life.\12\

These assumptions are true but do not recognize the broader underpinnings of the relationship. While Iran's revolutionary rulers view the 1979 revolution in theological terms as a miracle of divine intervention in which the United States, the Great Satan, was defeated, the Bolivarians view it from a secular point of view as a roadmap to defeat the United State as the Evil Empire. To both it has strong political connotations and serves a model for how asymmetrical leverage, when applied by Allah or humans, can bring the equivalent of David defeating Goliath on the world stage.

Ortega has declared the Iranian and Nicaraguan revolutions ``twin revolutions, with the same objectives of justice, liberty, sovereignty, and peace . . . despite the aggressions of the imperialist policies.'' Ahmadinejad couched the alliances as part of ``a large anti-imperialist movement that has emerged in the region.''

Among the first to articulate the possible merging of radical Shite Islamic thought with Marxist aspirations of destroying capitalism and U.S. hegemony was Illich Sanchez Ramirez, better known as the terrorist leader ``Carlos the Jackal,'' a Venezuelan citizen who was, until his arrest in 1994, one of the world's most wanted terrorists.

In his writings Sanchez Ramirez espouses Marxism tied to revolutionary, violent Palestinian uprisings, and, in the early 2000s after becoming a Muslim, militant Islamism. Yet he did not abandon his Marxist roots, believing that Islamism and Marxism combined would form a global ``anti-imperialist'' front that would definitively destroy the United States, globalization, and imperialism.

In his seminal 2003 book ``Revolutionary Islam,'' written from prison where he is serving a life sentence for killing two French policemen, Sanchez Ramirez praises Osama bin Laden and the 9/11 attacks on the United States as a ``lofty feat of arms'' and part of a justified ``armed struggle'' of Islam against the West. ``From now on terrorism is going to be more or less a daily part of the landscape of your rotting democracies,'' he writes.\13\

In this context, the repeated, public praise of Chavez for Sanchez Ramirez can be seen as a crucial element of the Bolivarian ideology and an acceptance of his underlying premise as important to Chavez's ideological framework. Chavez ordered his ambassador to France to seek the release of Sanchez Ramirez and on multiple occasions referred to the convicted terrorist as a ``friend'' and ``true revolutionary.'' \14\ In a 1999 letter to Sanchez Ramirez, Chavez greeted the terrorist as a ``Distinguished Compatriot'' and wrote that

> Swimming in the depths of your letter of solidarity I could hear the pulse of our shared insight that everything has its due time: time to pile up stones or hurl them, to ignite revolution or to ignore it; to pursue dialectically a unity

between our warring classes or to stir the conflict between them--a time when you can fight outright for principles and a time when you must choose the proper fight, lying in wait with a keen sense for the moment of truth, in the same way that Ariadne, invested with these same principles, lays the thread that leads her out of the labyrinth. . . .

I feel that my spirit's own strength will always rise to the magnitude of the dangers that threaten it. My doctor has told me that my spirit must nourish itself on danger to preserve my sanity, in the manner that God intended, with this stormy revolution to guide me in my great destiny.

With profound faith in our cause and our mission, now and forever! \15\

In fact, the Bolivarian fascination with militant Islamist thought and Marxism did not end with the friendship between Chavez and the jailed terrorist. Acolytes of Sanchez Ramirez continued to develop his ideology of Marxism and radical Islamism rooted in the Iranian revolution.

The emerging military doctrine of the ``Bolivarian Revolution,'' officially adopted in Venezuela and rapidly spreading to Bolivia, Nicaragua, and Ecuador, explicitly embraces the radical Islamist model of asymmetrical or ``fourth generation warfare,'' and its heavy reliance on suicide bombings and different types of terrorism, including the use of nuclear weapons and other WMD. This is occurring at a time when Hezballah's presence in Latin America is growing and becoming more identifiable.\16\

Chavez has adopted as his military doctrine the concepts and strategies articulated in ``Peripheral Warfare and Revolutionary Islam: Origins, Rules and Ethics of Asymmetrical Warfare'' (Guerra Periferica y el Islam Revolucionario: Origenes, Reglas y Etica de la Guerra Asimetrica), by the Spanish politician and ideologue Jorge Verstrynge.\17\ The tract is a continuation of and exploration of Sanchez Ramirez's thoughts, incorporating an explicit endorsement of the use of weapons of mass destruction to destroy the United States. Verstrynge argues for the destruction of United States through series of asymmetrical attacks like those of 9/11, in the belief that the United States will simply crumble when its vast military strength cannot be used to combat its enemies.

Although he is not a Muslim, and the book was not written directly in relation to the Venezuelan experience, Verstrynge moves beyond Sanchez Ramirez to embrace all strands of radical Islam for helping to expand the parameters of what irregular warfare should encompass, including the use of biological and nuclear weapons, along with the correlated civilian casualties among the enemy.

Central to Verstrynge's idealized view of terrorists is the belief in the sacredness of the willingness of the fighters to sacrifice their lives in pursuit of their goals. Before writing extensively on how to make chemical weapons and listing helpful places to find information on the manufacture of rudimentary nuclear bombs that ``someone with a high school education could make,'' Verstrynge writes:

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

We already know it is incorrect to limit asymmetrical warfare to guerrilla warfare, although it is important. However, it is not a mistake to also use things that are classified as terrorism and use them in asymmetrical warfare. And we have super terrorism, divided into chemical terrorism, bioterrorism (which uses biological and bacteriological methods), and

nuclear terrorism, which means ``the type of terrorism uses the threat of nuclear attack to achieve its goals.'' \18\

In a December 12, 2008, interview with Venezuelan state television, Verstrynge lauded Osama bin Laden and al-Qaeda for creating a new type of warfare that is ``de-territorialized, de-stateized and de-nationalized,'' a war where suicide bombers act as ``atomic bombs for the poor.'' \19\ In his interview with Univision, Verstrynge said his model was specifically modeled on Hezbollah.

Chavez liked the Verstrynge book so well that he had a special pocket-sized edition printed and distributed to the officer corps with express orders that it be read cover to cover. It has since been adopted as official Venezuelan military doctrine. Even more worrisome, copies of the book have been found over the past year, for the first time, in FARC camps in Colombia, indicating the doctrine is being passed on to Venezuela's nonstate proxy.

According to Colombian military sources the new FARC leadership is more open to a tactical alliance with radical Islamist groups.\20\ Given the FARC's longstanding desire and capacity to build alliances, and exchange technologies and lessons learned with other terrorist and criminal groups (ETA of Spain, Irish Republican Army, the Sinaloa cartel of Mexico),\21\ one can assume the group is open to an alliance with Hezbollah and other radical Islamist organizations.

To further ingrain this teaching, and explicitly to eradicate any vestiges of U.S. military doctrine in the region, Chavez and other Bolivarian leaders, in conjunction with Iran, have recently opened a new military academy to teach Bolivarian military doctrine, operating in Santa Cruz, Bolivia. The ALBA Defense School is going to teach the ``beautiful projects and experiences that unite our military,'' said Nicolas Maduro, Venezuela's Foreign Minister. This includes, he said, the doctrines of Jose Marti, the hero of Cuban independence; Simon Bolivar, the hero of South American independence; Eloy Alfaro, an Ecuadoran revolutionary; Augusto Cesar Sandino, a Nicaraguan revolutionary.\22\

Bolivian President Morales at the inauguration of the facility said the School would prepare the peoples of the region to defend against ``imperialist threats, which seek to divide us.'' He said that the ``Peoples of the ALBA are being besieged, sanctioned, and punished by the imperial arrogance just because we are exerting the right of being decent and sovereign.'' He added that, ``We must not allow that the history of colonization repeats and that our resources are the loot of the empire.'' An official Bolivarian Web site report on the inauguration stated that

> Facing this aggressive power (the United States) the countries and peoples of the region have no choice but to seek ways to defend themselves. The just struggles of the Latin American peoples for independence, freedom, and social progress deserve the support of everyone.\23\

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Iran's interest in the project was made clear when Iranian Defense Minister, Ahmad Vahidi, arrived in Bolivia for the school's inauguration, despite having an Interpol Red Notice issued for his arrest for his alleged participation in the 1994 AMIA bombing in Buenos Aires. His public appearance at a military ceremony the day before the school's inauguration set off an international scandal and sharp protests from Argentina, which had asked Interpol to emit the Red Notice. Vahidi quietly slipped out of the Bolivia.\24\

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

This ideological framework of Marxism and radical Islamic methodology for successfully attacking the United States is an important, though little examined, underpinning for the greatly enhanced relationships among the Bolivarian states and Iran. These relationships are being expanded and absorb significant resources despite the fact that there is little economic rationale to the ties and little in terms of legitimate commerce.

For Iran, however, the benefits are numerous, particularly in building alliances with nations to break its international isolation. It also affords Iran the opportunity to mine strategic minerals for its missile and nuclear programs, position Quds Force and Revolutionary Guard operatives under diplomatic cover, greatly expand and enhance its intelligence gathering, and operate state-to-state enterprises that allow for the movement of just about any type of goods and material.

One glimpse at the type of shipments such a relationship can be used for came to light in 2009, when Turkish authorities randomly inspected some crates being shipped from Iran to Venezuela at the port of Mersin. The 22 crates were labeled ``tractor parts'' but in fact carried equipment for manufacturing explosives.\25\

One need only look at how rapidly Iran has greatly increased its diplomatic, economic, and intelligence presence in Latin America to see the priority it places on this emerging axis--given that it is an area where it has virtually no trade, no historic or cultural ties and no obvious strategic interests. The gains, in financial institutions, bilateral trade agreements and state visits (nine state visits between Chavez and Ahmadinejad alone since 2006), are almost entirely within the Bolivarian orbit and, as noted, the Bolivarian states have jointly declared their intention to help Iran break international sanctions.

Iran is also spending scarce resources on expanding its cultural influence. Part of the effort through a strong Spanish language, Latin American-based Internet presence, with Web sites in most countries. The sites generally laud Hezbollah, offer the teachings of Iran's revolutionary leaders, extol the peaceful nature of its nuclear program, as well as offer Spanish language literature on Shia Islam.\26\ What is of particular concern is that many of the bilateral and multilateral agreements signed between Iran and Bolivarian nations, such as the creation of a dedicated shipping line between Iran and Ecuador, or the deposit of $120 million by an internationally sanctioned Iranian bank into the Central Bank of Ecuador, obey no economic rationale.\27\

The most recent salvo by Iran is the launching of a Spanish language satellite TV station, Hispan TV, aimed at Latin America. Bolivia and Venezuela are collaborating in producing documentaries for the station. Mohammed Sarafraz, deputy director of international affairs, said Iran was ``launching a channel to act as a bridge between Iran and the countries of Latin America was a need to help familiarize Spanish-speaking citizens with the Iranian nation.''

He said that Hispan TV was launched with the aim of reinforcing cultural ties with the Spanish-speaking nations and helping to introduce the traditions, customs, and beliefs of the Iranian people. Attempting to show the similarities between Islam and Christianity the first program broadcast was ``Saint Mary,'' depicting ``the life of Saint Mary and the birth of Jesus Christ from an Islamic point of view.'' \28\

There is growing evidence of the merging of the Bolivarian Revolution's criminal-terrorist pipeline activities and those of the criminal-terrorist pipeline of radical Islamist groups (Hezbollah in

particular) supported by the Iranian regime. The possibility opens a series of new security challenges for the United States and its allies in Latin America. The 1994 Hezbollah and Iranian bombing of the AMIA building in Buenos Aires, Argentina, is a useful reminder that these groups can and do operate in Latin America.

As noted above, Operation Titan provides clear evidence of the merging relationship among drug trafficking organizations with strong ties to the FARC and purchasers and money launderers with close ties to Hezbollah.

A clear example of the breadth of the emerging alliances among criminal and terrorist groups was Operation Titan, begun by Colombian and U.S. officials in 2006 and still ongoing. Colombian and U.S. officials, after a 2-year investigation, dismantled a drug trafficking organization that stretched from Colombia to Panama, Mexico, West Africa, the United States, Europe and the Middle East.

Colombian and U.S. officials say that one of the key money launderers in the structure, Chekry Harb, AKA ``Taliban'' acted as the central go-between among Latin American DTOs and Middle Eastern radical groups, primarily Hezbollah. Among the groups participating together in Harb's operation in Colombia were members of the Northern Valley Cartel, right-wing paramilitary groups and the FARC.

This mixture of enemies and competitors working through a shared facilitator, or in loose alliance for mutual benefit, is a pattern that is becoming more common, and one that significantly complicates the ability of law enforcement and intelligence operatives to combat these groups.\29\

A more recent example was the alleged October 2011 plot by elements of the Quds Force, the elite arm of the Iranian Revolutionary Guard Corps, to hire a hit man from a Mexican cartel to assassinate the Saudi Ambassador in the United States. The plot could be the first time members of an official Iranian institution, albeit a secretive one long known to support terrorist activities, dealt directly with a Mexican cartel to carry out an attack in the United States.\30\

While there has been little public acknowledgement of the Hezbollah ties to Latin American TOC groups, recent indictments based on DEA cases point to the growing overlap of the groups. In December 2011, U.S. officials charged Ayman Joumaa, an accused Lebanese drug kingpin and Hezbollah financier, of smuggling tons of U.S.-bound cocaine and laundering hundreds of millions of dollars with the Zetas cartel of Mexico, while operating in Panama, Colombia, the DRC and elsewhere.

``Ayman Joumaa is one of top guys in the world at what he does: international drug trafficking and money laundering,'' a U.S. antidrug official said. ``He has interaction with Hezbollah. There's no indication that it's ideological. It's business.'' \31\

Other cases include:

In 2008, OFAC designated senior Venezuelan diplomats for facilitating the funding of Hezbollah.

One of those designated, Ghazi Nasr al Din, served as the charge d'affaires of the Venezuelan Embassy in Damascus, and then served in the Venezuelan Embassy in London. According to the OFAC statement in late January 2008, al Din facilitated the travel of two Hezbollah representatives of the Lebanese Parliament to solicit donations and announce the opening of a Hezbollah-sponsored community center and office in Venezuela. The second individual, Fawzi Kan'an, is described as a Venezuela-based Hezbollah supporter and a ``significant provider of financial support to Hezbollah.'' He met with senior Hezbollah officials in Lebanon to discuss operational issues, including possible kidnappings and terrorist attacks.\32\

In April 2009, police in the island country of Curacao arrested 17 people for alleged involvement in cocaine trafficking with some of the proceeds being funneled through Middle Eastern banks to Hezbollah.\33\

A July 6, 2009, indictment of Jamal Yousef in the U.S. Southern District of New York alleges that the defendant, a former Syrian military officer arrested in Honduras, sought to sell weapons to the FARC--weapons he claimed came from Hezbollah and were to be provided by a relative in Mexico.\34\

Such a relationship between nonstate and state actors provides numerous benefits to both. In Latin America, for example, the FARC gains access to Venezuelan territory without fear of reprisals; it gains access to Venezuelan identification documents; and, perhaps most importantly, access to routes for exporting cocaine to Europe and the United States--while using the same routes to import quantities of sophisticated weapons and communications equipment. In return, the Chavez government offers state protection, and reaps rewards in the form of financial benefits for individuals as well as institutions, derived from the cocaine trade.

Iran, whose banks, including its central bank, are largely barred from the Western financial systems, benefits from access to the international financial market through Venezuelan, Ecuadoran, and Bolivian financial institutions, which act as proxies by moving Iranian money as if it originated in their own, unsanctioned financial systems.\35\ Venezuela also agreed to provide Iran with 20,000 barrels of gasoline per day, leading to U.S. sanctions against the state petroleum company.\36\

In addition, Chavez maintains his revolutionary credentials in the radical axis comprised of leftist populists and Islamic fundamentalists, primarily Iran. As a head of state, he is able to introduce external (nonregional) actors into the region for a variety of purposes, some of which directly benefit nonstate actors.

Iran is not the only extra-territorial actor that Chavez has courted and whose interests diverge notably from U.S. interests. Of primary concern are Russia and China, with Russia acting in a dual capacity as weapons facilitator and the provider of choice for nuclear development in conjunction with Iran. China has served as both a market for goods from all of Latin America, as well as provider of billions of dollars in investments, loans, military sales, and advanced satellite services.

In late September 2008, Prime Minister Vladimir Putin of Russia and Chavez announced joint plans to build nuclear plants in Venezuela. Atomstroyexport--the same company building the Bushehr nuclear power plant in Iran--will be the project operator.\37\ In September 2009, Chavez announced that Venezuela and Iran would jointly build a ``nuclear village'' in Venezuela and pursue nuclear technology together.\38\ Ecuador and Russia also inked an agreement on civilian nuclear power cooperation and uranium exploration,\39\ and Russia has offered similar assistance to Bolivia. In 2009, Ecuador and Iran signed a Memorandum of Understanding to carry out joint mining activities and geological mapping.\40\

None of these agreements violate international sanctions, but the constellation of actors and the fervor with which the agreements have been embraced raise many questions. Given the opaque nature of the agreements, and the history of some of the principals involved in supporting the use of WMD to annihilate states viewed as the enemy (Israel and the United States), and flaunting international regulatory regimes, it is both reasonable and prudent to approach these developments warily.

## major findings

The assumptions and framework presented above were arrived at through IASC research in the region. The following summary was first prepared for the Department of Defense's Defense Threat Reduction Agency `s (DTRA) Advanced Concepts office, which released this UNCLASSIFIED summary.\41\

The level of concern for WMD proliferation issues in this context has risen over time, in part because it has become increasingly clear that many of the Iranian instruments used in the region are closely linked to its ongoing and systematic efforts to acquire banned nuclear material and have already been identified and sanctioned as part of Iran's proliferation efforts.

(1) Iran and its Bolivarian allies (Venezuela, Bolivia, Nicaragua, and Ecuador) in Latin America are systematically engaged in a pattern of financial behavior, recruitment exercises and business activities that are not economically rational and could be used for the movement and/or production of WMD and the furthering of Iran's stated aim of avoiding international sanctions on its nuclear program. As shown below, those Iranian financial institutions engaged in the region have been designated by the United States and/or the United Nations for their participation in Iran's proliferation efforts or to support Hezbollah and other designated terrorist entities. These actions include:

i. Significant investments in financial institutions in the region that can easily be used to move money from Iran into the world financial sector through the use of banks and joint investment corporations. The financial institutions being used enjoy special protection from the states in which they operate and have no oversight from banking commissions, the congressional branch, or the public.

ii. Among the most important are: the Banco Internacional de Desarrollo (BID) in Venezuela, a wholly owned Iranian bank operating in Venezuela which, after several years of operation, was formally sanctioned by the U.S. Treasury Department but continues to operate; The Economic Development Bank of Iran (EDBI), under U.S. sanction for working its role in helping Iran evade nuclear sanctions and one of the main Iranian owners of BID. EDBI signed agreements with the Central Bank of Ecuador (2008) and the Central Bank of Bolivia (2009) to finance the purchase of Iranian goods (including helicopters and military materiel in the case of Bolivia).

iii. According to internal documents obtained in Venezuela, the BID's profits have plummeted 96 percent in early 2010, perhaps an indication that U.S. sanctions are having an impact. It maintains only one office in Venezuela (8th Floor, Edificio Dozsa, Avenida Francisco de Miranda, El Rosal, Caracas, telephone +58 212 952 65 62). It still offers a wide variety of banking services, including international transfers, investment advising, automobile loans and others. The board of directors is composed of seven Iranian nationals, while the legal representative is a Venezuelan (identities available from author). It remains exempt from taxes and is, at least on paper, one of the smallest banks in the country, with one office, 14 employees, and 313 depositors. Most of its loans are given to Iranian citizens living in Venezuela. However, it does not appear that BID has been completely shut out of the international banking system.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

According to local banking industry sources, BID operates correspondent accounts through another government bank, BANDES, which is unsanctioned. This allows BID to move money as if it were of Venezuelan rather than Iranian in origin or from BID.

iv. Perhaps replacing BID as a major financial vehicle for Iran is the Fondo Binacional Venezuela-Iran (FBVI), established in May 2008 with an initial capital of $1.2 billion. Each country provided half of the initial capital. This institution is directly managed by Ricardo Menendez, the Minister of Science, Technology and Industry, which is responsible for Venezuela's nascent nuclear program. It is an especially opaque institution, and none of its expenditures pass through the National Assembly or any other outside body for approval or auditing.

v. The FBVI is only one of a host of para-state institutions the Chavez government has set up that are accountable only to the executive. Others include FONDEN, FONDESPA, El Fondo Chino (Chinese Fund), the Belarus Fund and others. Among these, FONDEN (Fondo de Desarrollo Nacional or National Development Fund) is by far the most important because it receives direct funding injects from the state petroleum company. So far in 2010 government figures show FONDEN received $15 billion in money that does not officially form part of the state coffers. Since 2005 an estimated $63 billion has been put into the fund, and then virtually disappeared from all public accounting.

vi. Playing a crucial role in Iran's economic activity in the region is the Economic Development Bank of Iran (EDBI), an Iranian financial institution designated by the U.S. Treasury Department's Office of Foreign Assets Control as part of Iran's illegal nuclear proliferation network. The designation states that: ``EDBI provides financial services to multiple MODAFL-subordinate entities that permit these entities to advance Iran's WMD programs. Furthermore, the EDBI has facilitated the ongoing procurement activities of various front companies associated with MODAFL-subordinate entities. Since the United States and United Nations designated Bank Sepah in early 2007, the EDBI has served as one of the leading intermediaries handling Bank Sepah's financing, including WMD-related payments. In addition to handling business for Bank Sepah, the EDBI has facilitated financing for other proliferation-related entities sanctioned under U.S. and U.N. authorities.'' \42\

The BID is reportedly a Venezuelan bank, which the EDBI would have no influence over. In fact, BID, sanctioned by OFAC at the same time as the EDBI, and is wholly owned by Bank Saderat, an Iranian bank under U.S. and U.N. sanction. The BID was sanctioned because it was deemed by the Treasury Department to be acting on behalf of EDBI. According to an OFAC statement: ``Bank Saderat has been a significant facilitator of Hizballah's financial activities and has served as a conduit between the Government of Iran and Hizballah, Hamas, the Popular Front for the Liberation of Palestine General Command, and the Palestinian Islamic Jihad.

``Another primary banking relationship is between the Export Development Bank of Iran (EDBI) and the Central Bank of Ecuador, according to an agreement signed in November 2008 but not made public until almost a year later.'' \43\

The heart of the deal is for EDBI to deposit some $120 million in Ecuador's state bank, to be used to foment export and import activity between the two countries.\44\ This sum

seems unusually high for legitimate commercial activity since total trade between the two nations has never exceeded $2.3 million, a sum reached in 2003. In 2006 and 2007 Ecuador registered zero exports to Iran and imports of $27,000 and $16,000 in those years.\45\

There is a significant part of the agreement that demonstrates how interlinked these banking institutions (EDBI and BID) are, despite Venezuela's public denial of any linkages. Point 6 of the ``Protocol of Cooperation'' between the Central Bank of Ecuador and EDBI,``EDBI manifests its readiness to establish a branch of Banco Internacional de Desarrollo (BID) in the Republic of Ecuador.'' \46\

The BID is reportedly a Venezuelan bank, which the EDBI would have no influence over, including where it opened branches. In fact, EDBI can open branches of BID as part of EDBI.

Despite later assurances by the Ecuadoran Government to the U.S. Embassy in Quito that the deal was not consummated, and that a branch of BID was not opened, at least not publicly, Ecuadoran banking sources say that Iran is, in fact, using the Ecuadoran Central Bank to hold Iranian Government funds.

(2) Iran has sought to establish independent binational agreements in Ecuador and Venezuela to establish joint shipping lines to these countries. The primary company that is used is Sadra Iran Marine Industrial Company, which is majority owned by the Iranian Revolutionary Guard Corps' Khatam al-Anbia force.\47\ It is part of the IRGC's shipping conglomerate, the Islamic Republic of Iran Shipping Lines (IRISL), a entity, along with all its constantly shifting components, that have been designated by OFAC for aiding Iran's missile and nuclear programs.

As Stuart Levey, the Treasury Department's Undersecretary for Terrorism and Financial Intelligence said: ``Iran has consistently used its national maritime carrier, the Islamic Republic of Iran Shipping Lines (IRISL), to advance its missile programs and to carry other military cargoes. Some shipments have been stopped, and were clear violations of Security Council resolutions--including arms shipments believed to have been destined for Syria, for transfer to Hezbollah.'' Levey stated that the sanctioning of IRISL was to ``sharpen the focus on another sector that is a critical lifeline for Iran's proliferation and evasion: shipping. Some of Iran's most dangerous cargo continues to come and go from Iran's ports, so we must redouble our vigilance over both their domestic shipping lines, and attempts to use third-country shippers and freight forwarders for illicit cargo.''\48\

The importance of the shipping lines may have grown since the weekly flights between Caracas and Tehran appear to have been cancelled. The reasons for the cancellation were not clear, but it removes another state-protected method for moving significant amounts of resources between the two countries.

Despite this work by Treasury there is very little reporting on Iran's shipping activities in Latin America, despite the fact that Iran makes little effort to hide its actions (see picture below, taken at a public Iran-Venezuela trade exposition in Caracas). This area is of particular concern because of the increased reports of Iran's increased interest in mining strategic minerals in the Boliviarian states, particularly minerals that can be used in missile programs and nuclear fusion facilities.

Given the state-to-state nature of the shipping lanes, the cargo on the ships moving to and from Iran can be used to move virtually anything either state wants to move, as there will be no Customs checks and no need to declare the contents of the shipping containers. Unlike

illicit or contraband activity outside of state control, where the state may actually be interested in hindering the process, movements under state control can easily be used to further the movement of sensitive, undeclared goods.

Iran's efforts to establish dedicated shipping lines with individual countries, such as Ecuador,\49\ where there is virtually no commerce and certainly not enough to sustain a shipping line, raises serious questions in light of Levey's statements. Given Iran's already demonstrated capacity and capability to move materiel banned by international sanctions, this LOE by Iran should be of significant concern.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

(3) Iran appears to be engaged extensively in increasing mining activities in Latin America of minerals that have WMD and/or weapons uses. These include tantalum (Bolivia) and thorianite (Guyana-Brazil-Suriname). Thorianite, a radioactive rare earth mineral with nuclear applications as part of the thorium group, is being mined in an area where gold is traditionally mined, but the increasing number of Iranians in the region and a sharp increase in requests for gold mining permits has brought some notice to the new mining. Tantalum is used in highly heat resistant alloys and high-powered electronic resistors. These are minerals that are found elsewhere, but seem to be being acquired in Latin America, perhaps in order to avoid scrutiny

(4) The Bolivarian states appear to be laying the groundwork for public (internal and international) acceptance of the acquisition of nuclear power, always carefully couched as for peaceful uses. This seems to be aimed at developing a political acceptance for the unusual activities, if they become too big to remain clandestine, as part of a normal development of bilateral and multilateral relations.

Bolivian President Evo Morales visited Tehran shortly after Venezuelan President Chavez visited Iran and several other staunchly anti-U.S. countries, including Syria. Both publicly declared their intentions to acquire, in the shortest time possible, nuclear capabilities. This bodes ill for the region, particularly given Iran's ability to keep international inspectors at bay for many years. While much of the current talk may be bluster, it also signals the clear intention of these groups to work with rogue nations to acquire nuclear capacity.

conclusion

Iran and its proxy force Hezbollah are engaging in a widespread and multifaceted effort to expand their influence along with their intelligence capabilities, military capacities, and sanction-evasion methods. In this effort they are allied with the Boliviarian states of Latin America led by Hugo Chavez of Venezuela, and his proxy force, the FARC. Both Hezbollah and the FARC, as designated terrorist entities that engage in extensive TOC activities, are instruments of statecraft.

This alliance of state and nonstate actors, engaged in terrorism and TOC, has an expressed doctrine of asymmetric warfare that endorses the use of WMD against the United States, viewed by both blocs as the primary enemy. Iran has taken concrete steps to enhance its ability evade international financial sanctions through numerous financial institutions acting on its behalf in the Bolivarian states. It also engages in extensive purchases of dual use equipment and other purchases through the Bolivarian states and Panama. All of Iran's activities in the region, and the activities of the Bolivarian nations to help, are designed to be as opaque as possible and all oversight and accountability. Such basic data as the number of accredited diplomats

Iran has in the Bolivarian countries are not obtainable by the Congresses of those nations.

Given the nature of the actors, the deliberate opaqueness of the activities and public articulation of a military doctrine to strike the United States, one can only conclude that Iran's aims and intentions are hostile and that the Bolivarian states are aiding and abetting Iran in these efforts despite clear violations of international sanctions regimes and clear ties to TOC activities.

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End Notes

\1\ The self-proclaimed ``Bolivarian'' states (Venezuela, Ecuador, Bolivia, and Nicaragua) take their name for Simon Bolivar, the revered 19th century leader of South American independence from Spain. They espouse 21st century socialism, a vague notion that is deeply hostile to free market reforms, to the United States as an ``imperial power,'' and toward traditional liberal democratic concepts, as will be described in detail.

\2\ These include recently founded Community of Latin American and Caribbean States (Comunidad de Estados Latinoamericanos y Caribenos-CELAC), and the Bolivarian Alliance for the Peoples of Our America (Alianza Bolivariana para los Pueblos de Nuestra America-ALBA). The military school in Warnes, in the department of Santa Cruz, is called the Escuela de Defensa de la Alianza Bolivariana para los Pueblos de Nuestra America (Defense School for the Bolivarian Alliance for the Peoples of Our America.

\3\ ``Venezuela/Iran ALBA Resolved to Continue Economic Ties With Iran,'' Financial Times Information Service, July 15, 2010.

\4\ James R. Clapper, Director of National Intelligence, ``Unclassified Statement for the Record: Worldwide Threat Assessment of the U.S. Intelligence Community for the Senate Select Committee on Intelligence, January 31, 2012, p. 6.

\5\ Univision, ``La Amenaza Irani,'' aired December 8, 2011.

\6\ Lt. Gen. Ronald L. Burgess, Jr., Director, Defense Intelligence Agency, ``Iran's Military Power,'' Statement before the United States Senate Committee on Armed Services, April 14, 2010.

\7\ National Security Council, ``Strategy to Combat Transnational Organized Crime: Addressing Converging Threats to National Security,'' Office of the President, July 2011. The Strategy grew out of a National Intelligence Estimate initiated by the Bush administration and completed in December 2008, and is a comprehensive government review of transnational organized crime, the first since 1995.

\8\ ``Fact Sheet: Strategy to Combat Transnational Organized Crime,'' Office of the Press Secretary, the White House, July 25, 2011.

\9\ ``Fact Sheet: Strategy to Combat Transnational Organized Crime,'' Office of the Press Secretary, the White House, July 25, 2011.

\10\ ``Fact Sheet: Strategy to Combat Transnational Organized Crime,'' op. cit.

\11\ On the lower end, the United Nations Office of Drugs and Crime estimate TOC earnings for 2009 at $2.1 trillion, or 3.6 percent of global GDP. Of that, typical TOC activities such as drug trafficking, counterfeiting, human trafficking, weapons trafficking and oil smuggling, account for about $1 trillion or 1.5 percent of global GDP. For details see: ``Estimating Illicit Financial Flows Resulting from Drug Trafficking and other Transnational Organized Crimes,'' United Nations Office of Drugs and Crime, September 2011. On the higher end, in a speech to Interpol in Singapore 2009, U.S. Deputy Attorney General Ogden cited 15 percent of world GDP as total annual turnover of transnational organized crime. See: Josh Meyer, ``U.S. attorney general calls for global effort to fight organized crime,'' Los Angeles Times,

October 13, 2009, accessed at: http://articles.latimes.com/print/2009/oct/13/nation/na-crime13.

\12\ For a more detailed look at this debate see: ``Iran in Latin America: Threat or Axis of Annoyance?,'' op cit., in which the author has a chapter arguing for the view that Iran is a significant threat.

\13\ `` `Jackal' book praises bin Laden,'' BBC News, June 26, 2003.

\14\ See, for example: Associated Press, ``Chavez: `Carlos the Jackal' a `Good Friend' '' June 3, 2006.

\15\ Paul Reyes (translator) and Hugo Chavez, ``My Struggle,'' from a March 23, 1999, letter to Illich Ramirez Sanchez, the Venezuelan terrorist known as `Carlos the Jackal,' from Venezuelan President Hugo Chavez, in response to a previous letter from Ramirez, who is serving a life sentence in France for murder. Harper's, October 1999, http://harpers.org/archive/1999/10/0060674.

\16\ In addition to Operation Titan there have been numerous incidents in the past 18 months of operatives being directly linked to Hezbollah have been identified or arrested in Venezuela, Colombia, Guatemala, Aruba, and elsewhere in Latin America.

\17\ Verstrynge, born in Morocco to Belgian and Spanish parents, began his political career on the far right of the Spanish political spectrum as a disciple of Manuel Fraga, and served as a national and several senior party posts with the Alianza Popular. By his own admission he then migrated to the Socialist Party, but never rose through the ranks. He is widely associated with radical antiglobalization views and anti-U.S. rhetoric, repeatedly stating that the United States is creating a new global empire and must be defeated. Although he has no military training or experience, he has written extensively on asymmetrical warfare.

\18\ Verstrynge, op cit., pp. 56-57.

\19\ Bartolome, op cit. See also: John Sweeny, ``Jorge Verstrynge: The Guru of Bolivarian Asymmetric Warfare,'' www.vcrisis.com, Sept. 9, 2005; and ``Troops Get Provocative Book,'' Miami Herald, November. 11, 2005.

\20\ Farah interviews with senior Colombian officials and recent FARC deserters.

\21\ Douglas Farah, ``The FARC's International Relations: A Network of Deception,'' NEFA Foundation, September. 22, 2008.

\22\ Juan Pauliler, ``Que busca la academia military del ALBA?'' BBC Spanish Service, June 15, 2011.

\23\ ``ALBA School of Defense and Sovereignty Opens,'' Anti-Imperialist News Service, June 14, 2011. Accessed at: http://www.anti-imperialist.org/alba-school-of-defense-opens_6.

\24\ Robin Yapp, ``Iran Defense Minister Forced To Leave Bolivia Over 1994 Argentina Bombing,'' The Telegraph (London), June 1, 2011.

\25\ ``Turkey holds suspicious Iran-Venezuela shipment,'' Associated Press, June 1, 2009. http://www.ynetnews.com/articles/0,7340,L-3651706,00.html.

\26\ For a fuller examination of the use of Web sites, see: Douglas Farah, ``Islamist Cyber Networks in Spanish-Speaking Latin America,'' Western Hemisphere Security Analysis Center, Florida International University, September 2011.

\27\ For a more complete look at Iran's presence in Latin America, see: Douglas Farah, ``Iran in Latin America: An Overview,'' Woodrow Wilson International Center for Scholars, Summer 2009 (to be published as a chapter in: ``Iran in Latin America: Threat or Axis of Annoyance?'', edited by Cynthia J. Arnson, et al. 2010. For a look at the anomalies in the economic relations, see also Farah and Simpson, op. cit.

\28\ Tehran Times, ``Hispan TV begins with `Saint Mary,' '' December 23, 2011, accessed at: http://www.tehrantimes.com/arts-and-culture/93793-hispan-tv-begins-with-saint-mary.

\29\ While much of Operation remains classified, there has been significant open source reporting, in part because the Colombian Government announced the most important arrests. For the most complete look at the case see: Jo Becker, ``Investigation Into Bank Reveals Links to Major South American Cartels,'' International Herald Tribune, December 15, 2011. See also: Chris Kraul and Sebastian Rotella, ``Colombian Cocaine Ring Linked to Hezbollah,'' Los Angeles Times, October 22, 2008; and ``Por Lavar Activos de Narcos y Paramilitares, Capturados Integrantes de Organizacion Internatcional,'' Fiscalia General de la Republica (Colombia), October 21, 2008.

\30\ Evan Perez, ``U.S. Accuses Iran in Plot: Two Charged in Alleged Conspiracy to Enlist Drug Cartel to Kill Saudi Ambassador,'' Wall Street Journal, October 12, 2011.

\31\ Sebastian Rotella, ``Government Says Hezbollah Profits From U.S. Cocaine Market Via Link to Mexican Cartel,'' ProPublica, December 11, 2011.

\32\ ``Treasury Targets Hizbullah in Venezuela,'' United States Department of Treasury Press Center, June 18, 2008, http://www.treasury.gov/press-center/press-releases/Pages/hp1036.aspx.

\33\ Orlando Cuales, ``17 Arrested in Curacao on Suspicion of Drug Trafficking Links With Hezbollah,'' Associated Press, April 29, 2009

\34\ United States District Court, Southern District of New York, The United States of America v Jamal Yousef, Indictment, July 6, 2009.

\35\ For a look at how the Ecuadoran and Venezuelan banks function as proxies for Iran, particularly the Economic Development Bank of Iran, sanctioned for its illegal support of Iran's nuclear program, and the Banco Internacional de Desarrollo, see: Farah and Simpson, op cit.

\36\ Office of the Spokesman, ``Seven Companies Sanctioned Under Amended Iran Sanctions Act,'' U.S. Department of State, May 24, 2011, http://www.state.gov/r/pa/prs/ps/2011/05/164132.htm.

\37\ Russia Izvestia Information, September 30, 2008, and Agence France Presse, ``Venezuela Wants to Work With Russia on Nuclear Energy: Chavez,'' Sept. 29, 2008.

\38\ Simon Romero, ``Venezuela Says Iran is Helping it Look for Uranium,'' New York Times, September 25, 2009.

\39\ Nikolai Spassky, ``Russia, Ecuador strike deal on nuclear power cooperation,'' RIA Novosti, August 21, 2009.

\40\ Jose R. Cardenas, ``Iran's Man in Ecuador,'' Foreign Policy, February 15, 2011, http://shadow.foreignpolicy.com/posts/2011/02/15/irans_man_in_ecuador.

\41\ Douglas Farah, ``Iran and Latin America: Strategic Security Issues,'' Defense Threat Reduction Agency Advanced Concepts Office, May 2011.

\42\ United States Department of Treasury, ``Export Development Bank of Iran Designated as a Proliferator,'' Press office of the Office of Foreign Assets Control, October 22, 2008.

\43\ Copies of the agreement described here were presented to ASCO in the October update briefing.

\44\ ``Banco Irani Que Despierta Dudas se Asocia con el Central,'' Hoy (Ecuador), September 7, 2009.

\45\ Montufar, op cit.

\46\ Document in possession of the author.

\47\ Ardalan Sayami, ``1388: Year of Militarization of Iran's Economy,'' Rooz Online, March 23, 2010, accessed at: http://www.payvand.com/news/10/mar/1213.html.

\48\ Stuart Levey, ``Iran's New Deceptions at Sea Must be Punished,'' Financial Times, August 16, 2010.

\49\ On December 7, 2008, Ecuador's Minister of Foreign Affairs and Commerce, Maria Isabel Salvador, and her Iranian counterpart, Masoud Mir Kazem, signed a ``Memorandum of Understanding For the Study of a Maritime Shipping Line'' between the two countries. A copy of the MOU

is attached.

Senator Menendez. Thank you very much.

Ambassador Noriega.

STATEMENT OF HON. ROBERT F. NORIEGA, FORMER ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS, FORMER AMBASSADOR TO THE ORGANIZATION OF AMERICAN STATES, WASHINGTON, DC

Ambassador Noriega. Thank you very much, Mr. Chairman.

Good morning. I applaud you and Senator Rubio for initiating this review of Iran's growing shadow in Latin America.

You made reference to General Clapper's very startling statement that Iranian officials at the highest levels are now more willing to conduct an attack in the United States. General Clapper's statement represents a significant break with the skeptics in the foreign policy establishment, including too many U.S. diplomats, who have failed to appreciate the dire implications of Iran's activities in the Western Hemisphere.

I coordinate a project at the American Enterprise Institute to monitor and expose Iran's activities in Latin America, in order to inform the public as well as policymakers who are responsible for protecting our national security. Our team has conducted dozens of interviews with experts from throughout the world and with eyewitnesses on the ground in the region. We also have obtained reams of official Venezuelan and Iranian documents, some of which we have published to support our conclusions. I want to share with the committee some of the essential conclusions that we have made to date.

Venezuelan strongman Hugo Chavez and Iranian leader Mahmoud Ahmadinejad are conspiring to wage an asymmetrical struggle against United States security and to abet Iran's illicit nuclear program. Iran has provided Venezuela conventional weapons capable of attacking the United States and our allies in the region. On this subject, I would suggest that United States officials focus on the military-to-military cooperation and, in particular, the Iranian companies that are involved, that are associated with the Quds Force. Iran has used $30 billion in economic ventures in Venezuela to launder money and to evade international financial restrictions.

I also refer the committee and U.S. officials to the work of the district attorney of New York, Cyrus Vance, Jr., whose office has continued to look into this important issue and the implications for our security.

Iran discovered vast uranium deposits in Venezuela in 2005 and it is conducting suspicious mining operations in uranium-rich areas in Venezuela, Ecuador, and other countries. Two terrorist networks, one home-grown Venezuelan clan and another cultivated by radical Iranian cleric, Mohsen Rabbani, proselytize, fundraise, recruit, and train operatives on behalf of Iran and Hezbollah in numerous countries in the Americas.

The Venezuelan state-owned airline, Conviasa, operates regular service from Caracas to Damascus and Teheran, providing Iran, Hezbollah, and associated narcotraffickers a surreptitious means to move personnel, weapons, contraband, and other material in and out of our hemisphere.

Mr. Chairman, our project has shared substantial information about these aforementioned threats with U.S. Government officials. Quite frankly, too often the attitude we have encountered among these career officers has been one of

skepticism or indifference. To offer just a couple of brief examples.

About 6 months ago we provided U.S. officials the name and contact information of a reliable Venezuelan source with privileged information about the Conviasa flights between Caracas and the terrorist states of Syria and Iran. To this day, that source has never been contacted. That's fine. I'm sure that the U.S. Government has many, many sources. However, congressional staff members tell us that executive branch officials are unable to answer the simple question of whether those Conviasa flights are continuing. Our source reassures us that that critical logistical link is still in service, and as a matter of fact there are reports that it may extend its service to Ecuador.

Another brief example: Almost 7 years after the first reports that Iran discovered or was seeking uranium in Venezuela, United States officials are still unable or unwilling to say clearly whether Iran is mining uranium in Venezuela, notwithstanding documentation revealed by our project over a year ago regarding Iranian mining in the uranium-rich Roraima Basin in eastern Venezuela.

Mr. Chairman, quite frankly, the risk we are running today is not that we exaggerate the threat, but that we're ignoring it. I believe--and I'm sure you will agree because of the work that you've done in this area--that the executive branch, beginning in the waning days of the last administration and continuing today, has been slow to recognize and respond to this multidimensional threat.

We believe that congressional scrutiny is essential to encourage executive branch agencies to act. The dangerous activities of Iran and Hezbollah so near our borders demand a whole of government strategy, beginning with an interagency review to understand and assess the transnational, multifaceted nature of the problem, to mobilize friendly governments to respond, and to insist on inspection of suspicious operations and military inventories.

This is all being carried out against the backdrop of Hugo Chavez dying of cancer. We have reports from our sources that on February 12 after a military parade he collapsed, was unconscious, and it took an hour and a half for his medical staff to stabilize his condition. So the transition that will be under way will be very dangerous. It may include chaos and create a very troubling environment where our enemies are at work. Our government must be prepared to implement effective measures unilaterally and with willing partners to disrupt and dismantle illicit operations and to neutralize unacceptable threats.

Thank you very much, Mr. Chairman.

[The prepared statement of Ambassador Noriega follows:]

## Prepared Statement of Ambassador Roger F. Noriega

Mr. Chairman, I applaud you and other members of the subcommittee for initiating a review of Iran's activities in Latin America.

Since you announced your inquiry, the Director of National Intelligence, James R. Clapper, testified earlier this month that ``Iranian officials'' at the highest levels ``are now more willing to conduct an attack in the United States. . . .'' General Clapper also reported that Iran's so-called ``Supreme Leader'' Ali Khamenei was probably aware of the bizarre plot discovered last October to conspire with supposed Mexican drug cartel leaders to commit a terrorist bombing

in the heart of our Nation's capital.\1\ Only because American law enforcement officials were willing to set aside conventional wisdom about how and where Iran would wage war against us were they able to thwart that attack.

Iranian officials have made no secret of the regime's intention to carry its asymmetrical struggle to the streets of the United States and Europe. For example, in a May 2011 speech in Bolivia, Iran's Defense Minister, Ahmad Vahidi, promised a ``tough and crushing response'' to any U.S. offensive against Iran.\2\ In the same week in early January that Iran caught the world's attention by threatening to close the Strait of Hormuz and brandishing shore-to-sea cruise missiles in a 10-day naval exercise, Mahmoud Ahmadinejad announced a five-nation swing through Latin America aimed at advancing its influence and operational capabilities on the U.S. doorstep.\3\

To comprehend what Iran is up to, we must set aside conventional wisdom about its ambitions, strategies, and tactics and follow the evidence where it leads. General Clapper's public statement represents a dramatic break with the skeptics in the foreign policy establishment--including too many U.S. diplomats--who have failed to appreciate the breadth and depth of Iran's activities in the Western Hemisphere. The Intelligence Community's fresh assessment of Iran's willingness to wage an attack on our soil leads to the inescapable conclusion that Teheran's activities near our homeland constitute a very real threat that can no longer be ignored.

The next logical question is, ``What is that hostile regime doing with the support of its trusted allies very close to our borders?'' In my capacity as a Visiting Fellow at the American Enterprise Institute for Public Policy Research (AEI), I am coordinating an ongoing effort to answer that very question. I cooperate with a team of experienced experts who are committed to monitoring and exposing Iran's activities in Latin America in order to inform the public as well as policymakers who are responsible for protecting our national security.

To date, we have conducted dozens of interviews with experts from throughout the world and with eyewitnesses on the ground in the region. We also have obtained reams of official Venezuelan and Iranian documents, only a few of which we have published to support our conclusions.

Our exhaustive work leads us to the following conclusions:

- Venezuelan strongman Hugo Chavez and Iranian leader Mahmoud Ahmadinejad are conspiring to wage an asymmetrical struggle against U.S. security and to abet Iran's illicit nuclear program. Their clandestine activities pose a clear and present danger to regional peace and security.
- Iran has provided Venezuela conventional weapon systems capable of attacking the United States and our allies in the region.
- Iran has used $30 billion in economic ventures in Venezuela as means to launder money and evade international financial sanctions.
- Since 2005, Iran has found uranium in Venezuela, Ecuador, and other countries in the region and is conducting suspicious mining operations in some uranium-rich areas.
- Two terrorist networks--one home-grown Venezuelan clan and another cultivated by Mohsen Rabbani, a notorious agent of the Quds Force of the Iranian Revolutionary Guard Corps--proselytize, fund-raise, recruit, and train operatives on behalf of Iran and Hezbollah in many countries in the Americas.
- Hezbollah conspires with drug-trafficking networks in South America as a means of raising resources and sharing tactics.
- The Venezuelan state-owned airline, Conviasa, operates

regular service from Caracas to Damascus and Teheran--providing Iran, Hezbollah, and associated narcotraffickers a surreptitious means to move personnel, weapons, contraband, and other materiel.

Mr. Chairman, our project has shared substantial information about these aforementioned threats with U.S. Government officials--either directly or through Members of Congress. Quite frankly, too often the attitude we have encountered has been one of skepticism or indifference.

To offer just two examples, we understand that U.S. executive branch officials have continued to misinform Members of Congress about the existence of Conviasa flights between Venezuela and the terror states of Syria and Iran. Many months ago, we provided U.S. officials the name and contact information of a reliable Venezuelan source with privileged information about those ongoing flights. Unfortunately, that source was never contacted. And congressional staff members tells us that executive branch officials continue to provide vague or misleading answers to direct questions on this relatively simple subject of whether those Conviasa flights continue.

Another example of this official indifference: Almost 7 years after the first reports that Iran was seeking uranium in Venezuela, U.S. officials are still unable or unwilling to state clearly whether Iran is mining uranium in Venezuela--notwithstanding documentation revealed by our project over a year ago regarding Iranian mining in the uranium-rich Roraima Basin in eastern Venezuela. That U.S. officials do not know whether Iran is supporting its illicit nuclear program with uranium from Venezuela is incomprehensible. That they do not care enough to find out is unacceptable.

I believe that the executive branch--beginning in the waning days of the last administration and continuing today--has been slow to recognize or respond to this multidimensional threat. At long last, it is time for our national security agencies to get smart and get busy.

Mr. Chairman, I am convinced that congressional attention, such as this hearing, is essential to encourage executive branch agencies to act. For example, sanctions last year against Venezuela's state-owned petroleum company for transactions with Iran were the direct result of pressure by the House Committee on Foreign Affairs, acting in part on information provided by my project. Representative Jeff Duncan (R-SC) has introduced H.R. 3783, the ``Countering Iran in the Western Hemisphere Act of 2012,'' which will require the executive branch to report to Congress on Iran's activities in a host of areas and to provide a strategy for countering this threat.

I believe that such a thorough, congressionally mandated review will require the executive branch to apply additional needed intelligence resources to collect on subject matters in Venezuela, Bolivia, Ecuador, and beyond. Once they understand the scope and depth of the problem, I hope for a whole-of-government response to protect our security, our interests, and our allies against the threat posed by Iran, Hezbollah, and their support network in the Americas.

Of course, my project at AEI is prepared to cooperate with this policy review by providing the subcommittee documents and analysis regarding suspicious transactions and installations operated by Iran in Venezuela, Ecuador, Bolivia, and elsewhere in the region.

background and discussion

Iran's push into the Western Hemisphere is part of a global strategy to break its diplomatic isolation, develop new sources of strategic materials, evade international sanctions and undermine U.S. influence. To these ends, Iran expanded the number of its embassies in the region from 6 in 2005 to 10 in 2010.\4\ The real game-changer, however, has been the alliance developed between Iran's Mahmoud

Ahmadinejad and Venezuela's Hugo Chavez.

In the last 7 years, Iran has begun to take full advantage of its Venezuelan partner. Chavez's petro-diplomacy has paved the way for Ahmadinejad to cultivate partnerships with anti-U.S. regimes in Cuba, Ecuador, Bolivia, Nicaragua, et al. Today, a shadowy network of commercial and industrial enterprises in several countries affords Iran a physical presence in relatively close proximity to the United States. Iran is well-positioned to use its relationships with these countries to pose a direct threat to U.S. territory, strategic waterways and American allies. Iran also has provided the Venezuelan military with weapon systems that give Chavez unprecedented capabilities to threaten its neighbors and the United States.

Chavez's support for terrorist groups such as the Revolutionary Armed Forces of Colombia is notorious. In recent years, Chavez's most trusted security officials--from senior to operational levels--have provided material support to Hezbollah. Today, Venezuela's Margarita Island has eclipsed the infamous ``Tri-Border Area'' (TBA) in South America as the principal safe haven and center of Hezbollah operations in the Americas.

Indeed, wherever Iran goes, Hezbollah is not far behind; Latin America has been no exception. Research from open sources, subject-matter experts and sensitive sources within various governments has identified at least two parallel, collaborative terrorist networks growing at an alarming rate in Latin America. One of these networks is operated by Venezuelan collaborators, and the other is managed by the Quds Force of the Iranian Revolutionary Guard Corps. These networks encompass more than 80 operatives in at least 12 countries throughout the region (with their greatest areas of focus being Brazil, Venezuela, Argentina, and Chile).

The Nassereddine Network

Ghazi Atef Nassereddine Abu Ali, a native of Lebanon who became a Venezuelan citizen about 12 years ago, is Venezuela's second-ranking diplomat in Syria. Nassereddine is a key Hezbollah asset because of his close personal relationship to Chavez's Justice and Interior Minister, Tarik El Aissami, and because of his diplomatic assignment in Damascus. Along with at least two of his brothers, Nassereddine manages a network to expand Hezbollah's influence in Venezuela and throughout Latin America.

Nassereddine's brother, Abdallah, a former member of the Venezuelan Congress, uses his position as the former vice president of the Federation of Arab and American Entities in Latin America and the president of its local chapter in Venezuela to maintain ties with Islamic communities throughout the region.\5\ He currently resides on Margarita Island, where he runs various money-laundering operations and manages commercial enterprises associated with Hezbollah in Latin America. Younger brother Oday is responsible for establishing paramilitary training centers on Margarita Island. He is actively recruiting Venezuelans through local circulos bolivarianos (neighborhood watch committees made up of the most radical Chavez followers) and sending them to Iran for follow-on training.

The Rabbani Network

Hojjat al-Eslam Mohsen Rabbani, who was the cultural attache at the Embassy of the Islamic Republic of Iran in Buenos Aires, Argentina, oversees a parallel Hezbollah recruitment network.\6\ Rabbani is currently the international affairs advisor to the Al-Mostafa Al-Alam Cultural Institute in Qom, which is tasked with propagation of Shia Islam outside Iran.\7\ Rabbani, referred to by the important Brazilian magazine Veja as ``the Terrorist Professor,'' \8\ is a die-hard defender of the Iranian revolution and the mastermind behind the two notorious terrorist attacks against Jewish targets in Buenos Aires in 1992 and 1994 that killed 144 people.\9\

At the time, Rabbani was credentialed as Iran's cultural attache in the Argentine capital, which he used as a platform for extremist propaganda, recruitment and training that culminated in the attacks in the 1990s. In fact, he continues to exploit that network of Argentine converts today to expand Iran's and Hezbollah's reach--identifying and recruiting operatives throughout the region for radicalization and terrorist training in Venezuela and Iran (specifically, the city of Qom).

At least two mosques in Buenos Aires--Al Imam and At-Tauhid--are operated by Rabbani disciples. Sheik Abdallah Madani leads the Al Imam mosque, which also serves as the headquarters for the Islamic-Argentine Association, one of the most prominent Islamic cultural centers in Latin America.

Some of Rabbani's disciples have taken what they have learned from their mentor in Argentina and replicated it elsewhere in the region. Sheik Karim Abdul Paz, an Argentine convert to Shiite Islam, studied under Rabbani in Qom for 5 years and succeeded him at the At-Tauhid mosque in Buenos Aires in 1993.\10\ Abdul Paz is now the imam of a cultural center in Santiago, Chile, the Centro Chileno Islamico de Cultura de Puerto Montt. Another Argentine convert to radical Islam and Rabbani disciple is Sheik Suhail Assad, who lectures at universities throughout the region and recruits young followers to the cause.\11\

A key target of the Rabbani network--and Hezbollah in general--is Brazil, home to some 1 million Muslims. Rabbani travels to Brazil regularly to visit his brother, Mohammad Baquer Rabbani Razavi, founder of the Iranian Association in Brazil.\12\ Another of his principal collaborators is Sheik Khaled Taki Eldyn, a Sunni radical from the Sao Paulo Guarulhos mosque. Taki Eldyn, who is active in ecumenical activities with the Shia mosques, also serves as the secretary general of the Council of the Leaders of the Societies and Islamic Affairs of Brazil.\13\ A sensitive source linked that mosque to a TBA network cited by the U.S. Treasury Department as providing major financial and logistical support to Hezbollah.\14\ As far back as 1995, Taki Eldyn hosted al-Qaeda leader, Osama bin Laden, and 9/11 mastermind, Khalid Sheik Mohammed, in the TBA region. According to Brazilian intelligence sources cited by the magazine Veja, at least 20 operatives from Hezbollah, al-Qaeda and the Islamic jihad are using Brazil as a hub for terrorist activity.\15\ The fact that Brazil is set to host the FIFA World Cup tournament in 2014 and the Summer Olympics in 2016 makes it an inviting target for international terrorism.

## waking up to a threat

Bracing for a potential showdown over its illicit nuclear program and emboldened by inattention from Washington in Latin America, Iran has sought strategic advantage in our neighborhood. It also is preparing to play the terrorism card--exploiting its new ties with Venezuelan operatives, reaching into Mexico, and activating a decades-old network in Argentina, Brazil, and Chile.

Even as the International Atomic Energy Agency (IAEA) affirmed in a recent report that foreign support is crucial to Iran's capability of developing a nuclear weapon,\16\ U.S. diplomatic, intelligence, and security agencies apparently are in the dark on whether Iran is extracting ore from vast uranium basins in Venezuela, Ecuador, or Bolivia or whether Argentina has resumed nuclear technology-sharing with Teheran.

An important exception to executive branch neglect of this troubling phenomenon is the work of the Drug Enforcement Administration (DEA) and the Office of Foreign Assets Control (OFAC) of the Department of the Treasury to sanction numerous Venezuelan officials and entities for their complicity with and support for Iran and international terrorism. Again, according to sources in these agencies, State Department officers systematically resist the application of sanctions

against Venezuelan officials and entities, despite the fact that these suspects are playing an increasingly important role in Iran's operational capabilities near U.S. territory.

## conclusion

President Obama declared in December 2011, ``We take Iranian activities, including in Venezuela, very seriously, and we will continue to monitor them closely.'' \17\ Merely monitoring Iran's foray into Latin America is the very least the United States must now do to frustrate Teheran's plans to threaten U.S. security and interests close to home.

The dangerous activities of Iran and Hezbollah so near our borders demand a whole-of-government strategy, beginning with an interagency review to understand and assess the transnational, multifaceted nature of the problem; educate friendly governments; and insist on inspection of suspicious operations and military compounds. Our government must be prepared to implement effective measures--unilaterally and with willing partners--to disrupt and dismantle illicit operations and neutralize unacceptable threats.

Ahmadinejad's January visit to Venezuela and elsewhere in the region was clearly intended to shore up Iran's interests in Latin America as Chavez loses ground in his fight with cancer. Iran can be expected to make common cause with Cuba, Russia, and China to protect their Venezuelan haven--if necessary, by encouraging Chavez's leftist movement to scuttle the October 2012 elections. If the United States were to be more vigilant at this critical post-Chavez transition phase, it might be possible to spoil Iran's plans by supporting a peaceful, democratic solution. If not, Washington may find itself confronting a grave and growing Iranian threat that it can neither diminish nor evade.

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End Notes

\1\ ``Notorious Iranian Militant Has a Connection to Alleged Assassination Plot Against Saudi Envoy,'' by Peter Finn, The Washington Post, October 14, 2011.

\2\ ``Sanction Shows U.S. Weakness, Says Iran Minister,'' Iranian Students' News Agency, June 1, 2011; ``Iran Warns of Street War in Tel Aviv If Attacked,'' Fars News Agency, November 8, 2011.

\3\ ``Iran Seeking To Expand Influence in Latin America,'' by Joby Warrick, The Washington Post, January 1, 2012.

\4\ General Douglas M. Fraser, USAF, ``Posture Statement,'' Testimony before the 112th Congress, House Armed Services Committee, March 30, 2011.

\5\ This organization was founded in Argentina in 1972 to unite Muslims, namely the Syrian and Lebanese communities, in Latin America and has spread rapidly throughout Latin America, with offices in Argentina, Chile, Brazil, Cuba, Venezuela, Guadalupe Island, Antigua, and Uruguay. It is overtly anti-Israel; supportive of anti-American regimes in the Middle East and Latin America; and used as a platform for Hezbollah to raise money, recruit supporters, and solicit illegal visas.

\6\ ``Reis-Jomhour-e Arzhantin Dar Sazeman-e Melal: Tehran Ba Mohakemeh-ye Maqamatash Dar Keshvar-e Sales Movafeqat Konad'' [The President of Argentina: Tehran Should Accept Trial of Its Authorities in a Third Country], Asr-e Iran (Tehran), September 25, 2010, www.asriran.com (available in Persian, accessed September 29, 2011).

\7\ ``Din va Siasat Dar Amrika-ye Latin Dar Goftegou Ba Ostad Mohsen Rabbani'' [Religion and Politics in Latin America in Conversation with Professor Mohsen Rabbani], Book Room (Tehran), May 3, 2010.

\8\ ``The Terrorist `Professor,' '' Veja (Brazil), April 20, 2011.

\9\ Marcelo Martinez Burgos and Alberto Nissman, Office of Criminal Investigations: AMIA Case (Buenos Aires, Argentina: Investigations Unit of the Office of the Attorney General, 2006), www.peaceandtolerance.org/docs/nismanindict.pdf (accessed September 27, 2011).

\10\ ``Goftegou Ba Sarkar-e Khanom-e Ma'soumeh As'ad Paz Az Keshvar-e Arzhantin'' [Conversation with Lade Ma'soumeh As'ad Paz From Argentina], Ahlulbayt (Tehran), June 13, 2011.

\11\ Marielos Marquez, `` `El Islam es una forma de vida': Sheij Suhail Assad,'' DiarioCoLatino, August 27, 2007.

\12\ ``Sourat-e Jalaseh'' [Agenda], Iranianbrazil (Brazil), March 17, 2010.

\13\ ``Aein-ha-ye Ramezani Dar Berezil'' [Ramadan Traditions in Brazil], Taghrib News (Qom), September 5, 2010.

\14\ U.S. Department of the Treasury, ``Treasury Designates Islamic Extremist, Two Companies Supporting Hizballah in Tri-Border Area,'' news release, June 10, 2004.

\15\ ``The Terrorist `Professor,' '' Veja (Brazil), April 20, 2011.

\16\ ``IAEA Says Foreign Expertise has Brought Iran to the Threshold of Nuclear Capability,'' by Joby Warrick, The Washington Post, November 6, 2011.

\17\ ``El Universal Interviews President Obama on U.S.-Venezuela Relations,'' by Reyes Theis, El Universal (Caracas, Venezuela), December 20, 2011.

Senator Menendez. Thank you, Ambassador.

Mr. Berman.

## STATEMENT OF ILAN BERMAN, VICE PRESIDENT, AMERICAN FOREIGN POLICY COUNCIL, WASHINGTON, DC

Mr. Berman. Thank you, Mr. Chairman. Mr. Chairman, Senator Rubio, thank you for the opportunity to appear before you today to discuss this very important topic.

I'd like to take a somewhat different tack than my colleagues before me and discuss, rather than Iran's activities themselves, the motivations that underlie them. In the discussions in Washington that have predominated about Iran's presence and activities in the Western Hemisphere, many times the missing part of the puzzle is identifying and soberly assessing what Iran wants in the hemisphere--and whether or not it's succeeding in getting it.

I think when you look at the level of activity that Iran is carrying out in the region, it's possible to discern four distinct strategic motivations that the Iranians have with regard to their presence and their activities in our hemisphere. The first, of course, is diplomacy and coalition-building. Outreach to Latin America is seen by Iran first and foremost as a means to lessen its deepening international isolation, an isolation that's gotten deeper as a result of recent sanctions passed by the United States and by the European Union. The Iranian response--and we have seen this from the start of international efforts to pressure Iran's nuclear program in 2003, but certainly these efforts have escalated in recent times--has been to observe and interact with sympathetic regimes beyond their immediate periphery as a way of skirting and diluting sanctions and attempting to preserve the continuity of their nuclear program.

Due to its favorable geopolitical climate, which is typified by vast ungoverned areas and widespread anti-

Americanism, Latin America has emerged as an important focal point of that effort. Most prominent, obviously, with regard to Iran's regional contacts is the relationship that Iran has built with Venezuela since Mahmoud Ahmedinejad's inauguration in 2005. That's a relationship that has gone from, if I may say, zero to 60 practically overnight in foreign policy terms, and now boasts billions of dollars of concrete investment, as well as activities that both support Iran's efforts to skirt sanctions that have been imposed upon its dealings with the international financial system, as well as the activities of Iranian proxies such as Hezbollah.

But Iran's activities are not simply centered on Venezuela. They extend beyond it to a burgeoning relationship with Evo Morales in Bolivia, to a growing relationship with Rafael Correa and Ecuador, and beyond that to a softening of the anti-Iranian position that one is witnessing in places such as Buenos Aires.

I think it would be premature to suggest that the Iranian presence in the region is diminishing, or in decline. I think it is very much a work in progress. But it's important to point out that this presence is not simply pragmatic, and it's not simply defensive. In fact, Iran has engaged in a systematic outreach to regional states in a way that suggests that it sees the Western Hemisphere as a strategic theater where it can expand its own influence and dilute that of the United States. This can be called an antiaccess strategy on the part of the Iranians, wherein they sew up and engage regional regimes so it is more difficult for the United States to do so.

Beyond diplomacy, Iran is engaged in a quest for strategic resources. Conventional wisdom has it as Iran's nuclear program has progressed and matured to the point that it has become well nigh self-sufficient, but this, in fact, is not the case. The opposite is actually true. As Iran's stockpile of uranium centrifuges has expanded, so has its need for the critical raw material that will be placed in those centrifuges: uranium ore.

Iran itself runs a deficit of naturally occurring uranium, and when the Shah launched a national nuclear endeavor in the 1970s he was forced to procure a large-scale supply from South Africa. Four decades on, that supply is mostly depleted and of poor quality, and as a result recent years have seen a widening Iranian quest to procure uranium from abroad.

Iran can now be said to be looking extensively for uranium in two places: in sub-Saharan Africa, where it's engaging with regimes such as Zimbabwe and the Democratic Republic of Congo; and in Latin America. We heard from Ambassador Noriega about the expanding evidence that Iran is mining extensively in the Roraima Basin adjacent to Venezuela's border with Guyana. But also you have a burgeoning relationship on the strategic resources front with the government of Evo Morales in Bolivia. Regional officials that I talked to when I was in the region last month suggested that there are no fewer than 11 sites in eastern Bolivia, adjacent to the industrial capital of Santa Cruz, in which Iran is suspected to be mining. Not coincidentally, it is rumored that the Conviasa flight that Ambassador Noriega talked about could soon have an additional leg that will go from Caracas down to Santa Cruz, suggesting that there is certainly at least something of interest in Santa Cruz that the Iranians desire.

Beyond that, Iran has been involved in building a surprisingly robust asymmetric presence in the region. This involves not only Iran's exploitation of grey and black markets

and free trade zones, such as the ``Triple Frontier'' and Venezuela's Margarita Island, but increasingly a paramilitary presence as well. Regional officials that I spoke with suggested that there were between 50 and 300 Iranian trainers linked to the Iranian Revolutionary Guard present in Bolivia at this particular time.

There is not a great deal of clarity as to what they're doing, or their level of activity. I would point out, however, that Iran has provided at least some of the seed money for the regional defense school recently set up by the ALBA bloc, which was inaugurated by Iranian Defense Minister Ahmad Vahidi when he was in Bolivia in the late spring/early summer last year.

This asymmetric capability has created a latent operational capability. The conventional wisdom in this town has long been that Iran uses the region opportunistically rather than operationally. In fact, as you pointed out, the failed plot to assassinate Saudi Ambassador Adel al-Jubeir in Washington in October suggests that there has been a significant strategic shift in Iranian thinking and that Iran now begins to look at the region operationally.

General Clapper concluded his recent testimony to the Senate Select Committee on Intelligence by saying that: ``The Iranian regime has formed alliances with Chavez, Ortega, Castro, and Correa that many believe can destabilize the hemisphere. These alliances can pose an immediate threat by giving Iran directly through the IRGC, the Quds Force, or its proxies like Hezbollah a platform in the region to carry out attacks against the United States, our interests, and our allies.''

In conclusion, I think it's important to reiterate that Iran's presence in the region is very much a work in progress. Iran has not managed to firmly entrench itself, or to operationalize the relationships that it's seeking to build. But the interests and the strategic imperatives that drive them are clear, and they're worth our attention.

Thank you.

[The prepared statement of Mr. Berman follows:]

## Prepared Statement of Ilan Berman

Chairman Menendez, Senator Rubio, distinguished members of the subcommittee, it is a privilege to appear before you today to discuss an issue of growing importance to the national security of the United States: that of Iran's activities and influence in the Americas.

Although Iran's inroads into the Western Hemisphere have recently garnered considerable attention among experts and the press, the motivations behind them remain poorly understood. Yet in tracing Iran's pattern of behavior in the region over the past several years, it is possible to discern four distinct strategic objectives.

### i. diplomacy and coalition-building

Outreach to Latin America is seen by Iran first and foremost as a means to lessen its deepening international isolation. Since 2003, when its previously clandestine nuclear program became public knowledge, the Islamic Republic has faced mounting global pressure over its nuclear ambitions. The Iranian regime has sought to mitigate the resulting political and economic restrictions levied against it by the United States and its allies through intensified diplomatic outreach abroad.

Due to its favorable geopolitical climate--typified by vast ungoverned areas and widespread anti-Americanism--Latin America has become an important focal point of this effort. Over the past decade, Iran has nearly doubled the number of its embassies in Latin America

(from 6 in 2005 to 10 in 2010).\1\ It also has devoted considerable energy to forging economic bonds with sympathetic regional governments.

Far and away the most prominent in this regard has been Venezuela. Since Hugo Chavez became its President in 1999, alignment with Iran has emerged as a cardinal tenet of Venezuela's foreign policy. The subsequent election of Mahmoud Ahmadinejad to the Iranian Presidency in 2005 kicked cooperation into high gear, with dramatic results. Today, Venezuela and Iran enjoy an extensive and vibrant strategic partnership. Venezuela has emerged as an important source of material assistance for Iran's sprawling nuclear program, as well as a vocal diplomatic backer of Iran's will to atomic power. The Chavez regime also has become a safe haven and source of financial support for Hezbollah, Iran's most powerful terrorist proxy.\2\ In turn, Iran's feared Revolutionary Guards have become involved in training Venezuela's secret services and police.\3\ Economic ties between Caracas and Tehran likewise have exploded--expanding from virtually nil in 2007 to an estimated $40 billion today.\4\

Just as significantly, Venezuela has served as Iran's ``gateway'' for further economic and diplomatic expansion into the region. Aided by its partnership with Caracas and bolstered by a shared anti-American outlook, Iran has succeeded in forging significant strategic, economic, and political links with the regime of Evo Morales in Bolivia and Rafael Correa in Ecuador. Even Iran's relations with Argentina, where Iranian-supported terrorists carried out major bombings in 1992 and 1994, have improved in recent times, as the government of President Cristina Fernandez de Kirchner has hewed a more conciliatory line toward Tehran.\5\

It would be a mistake, however, to view these contacts as simply pragmatic--or strictly defensive. Iran's sustained systematic outreach to regional states suggests that it sees the Western Hemisphere as a crucial strategic theater wherein to expand its own strategic influence and dilute that of the United States. Indeed, a 2009 dossier prepared by Israel's Ministry of Foreign Affairs noted that ``since Ahmadinejad's rise to power, Tehran has been promoting an aggressive policy aimed at bolstering its ties with Latin American countries with the declared goal of `bringing America to its knees.' '' \6\ This view is increasingly shared by the U.S. military. In its 2010 report on Iranian military power, the Office of the Secretary of Defense noted that ``Iran seeks to increase its stature by countering U.S. influence and expanding ties with regional actors'' in Latin America.\7\

To this end, Iran is ramping up its strategic messaging to the region. Late last month, on the heels of Iranian President Mahmoud Ahmadinejad's very public four-country tour of South America, the Iranian regime formally launched HispanTV, a Spanish-language analogue to its English-language PressTV channel. The Bolivian-headquartered television outlet has been depicted by Ahmadinejad as part of his government's efforts to ``limit the ground for supremacy of dominance seekers''--
a thinly veiled reference to U.S. influence in the Western Hemisphere.\8\

As Ahmadinejad's statement indicates, Iran is pursuing an ``anti-access'' strategy in Latin America--one that promotes its own ideology and influence at the expense of the United States. In this endeavor, Iran has been greatly aided by Venezuelan strongman, Hugo Chavez, who himself has worked diligently to diminish America's political and economic presence in the region under the banner of a new ``Bolivarian'' revolution.

ii. a quest for strategic resources

Since the start of the international crisis over Iran's nuclear ambitions nearly 9 years ago, the popular perception has emerged that Iran's atomic program are now largely self-sufficient--and that its

progress is therefore largely inexorable. This, however, is far from the case; in fact, the Iranian regime currently runs a considerable, and growing, deficit of uranium ore, the critical raw material needed to fuel its atomic effort.

According to nonproliferation experts, Iran's indigenous uranium ore reserves are known to be both ``limited and mostly of poor quality . . .'' \9\ Thus, when Iran's Shah mapped out an ambitious national plan for nuclear power in the 1970s, his government was forced to procure significant quantities of the mineral from South Africa. Nearly four decades later, however, this aging stockpile reportedly has been mostly depleted.\10\ As a result, Iran in recent years has embarked on a widening quest to acquire supplies of uranium ore from abroad. In 2009, for example, it is known to have attempted to purchase more than 1,000 tons of uranium ore from the Central Asian republic of Kazakhstan at a cost of nearly half-a-billion dollars.\11\ In that particular case, deft diplomacy on the part of the United States and its European allies helped stymie Iranian efforts--at least for the time being.

However, Iran's search has not abated. In February of 2011, a new intelligence summary from a member state of the International Atomic Energy Agency reaffirmed to the international community that the Islamic Republic continues to search extensively for new and stable sources of uranium to fuel its nuclear program.\12\ Today, this effort is focused in two principal geographic areas. The first is Africa, where in recent years Iran has made concerted efforts to engage a number of uranium producers (such as Zimbabwe, Senegal, Nigeria, and the Democratic People's Republic of Congo).\13\ The second is Latin America, where Tehran now is exploring and developing a series of significant resource partnerships.

The most well-known of these is with Venezuela. Cooperation on strategic resources has emerged as a defining feature of the alliance between the Islamic Republic and the Chavez regime. Iran is currently known to be mining in the Roraima Basin, adjacent to Venezuela's border with Guyana. Significantly, that geological area is believed to be analogous to Canada's Athabasca Basin, the world's largest deposit of uranium.\14\

Bolivia, too, is fast becoming a key source of strategic resources for the Iranian regime. With the sanction of the Morales government, Iran is now believed to be extracting uranium from as many as 11 different sites in Bolivia's east, proximate to the country's industrial capital of Santa Cruz.\15\ (Not coincidentally, it is rumored that the now-infamous Tehran-Caracas air route operated jointly by Conviasa, Venezuela's national airline, and Iran Air will be extended in the near future to Santa Cruz.\16\) Additionally, a series of cooperation agreements concluded in 2010 between La Paz and Tehran have made Iran a ``partner'' in the mining and exploitation of Bolivia's lithium, a key strategic mineral with applications for nuclear weapons development.\17\

Iran even appears to be eyeing Ecuador's uranium deposits. A $30 million joint mining deal concluded between Tehran and Quito back in 2009\18\ has positioned the Correa regime to eventually become a supplier for the Islamic Republic.

Regional experts note that Iran's mining and extraction efforts in Latin America are still comparatively modest in nature, constrained by competition from larger countries such as Canada and China and by Iran's own available resources and know-how.\19\ However, the region is unquestionably viewed as a target of opportunity in Iran's widening quest for strategic resources--both because of its favorable political operating environment and because states there (especially Bolivia) represent unknown quantities in terms of resource wealth. This raises the possibility that Latin America could emerge in the near future as a significant provider of strategic resources for the Iranian regime, and

a key source of sustenance for Iran's expanding nuclear program.

iii. an asymmetric presence

Iran's formal political and economic contacts with regional states are reinforced by a broad web of asymmetric activities throughout the Americas.

Illicit financial transactions figure prominently in this regard. Over the past several years, Iran's economic ties to Venezuela have helped it skirt the sanctions being levied by the international community, as well as to continue to operate in an increasingly inhospitable global financial system. It has done so through the establishment of joint companies and financial entities, as well as the formation of wholly Iranian-owned financial entities in Venezuela and the entrenchment of Iranian commercial banks there.\20\ Experts note that this financial activity exploits an ``existing loophole'' in the current sanctions regime against Iran--one that leverages the freedom of action of Venezuelan banks to provide the Islamic Republic with ``an ancillary avenue through which it can access the international financial system despite Western pressure.'' \21\

Iran is also known to be active in the region's ubiquitous gray and black markets, as well as its free trade areas--operating both directly and via terrorist proxy Hezbollah.\22\ Most notoriously, these include the so-called ``Triple Frontier'' at the crossroads of Argentina, Paraguay, and Brazil, as well as Venezuela's Margarita Island.

Iran also boasts an increasingly robust paramilitary presence in the region. The Pentagon, in its 2010 report to Congress on Iran's military power, noted that the Quds Force, the elite paramilitary unit of Iran's Revolutionary Guards, is now deeply involved in the Americas, stationing ``operatives in foreign embassies, charities, and religious/cultural institutions to foster relationships with people, often building on existing socio-economic ties with the well-established Shia diaspora,'' and even carrying out ``paramilitary operations to support extremists and destabilize unfriendly regimes.'' \23\

This presence is most pronounced in Bolivia. Iran has been intimately involved in the activities of the Bolivarian Alliance for the Americas (ALBA) since the formation of that Cuban- and Venezuelan-led geopolitical bloc--which also encompasses Ecuador, Bolivia, Nicaragua, and a number of other nations--in the early 2000s. As part of that relationship, Iran reportedly provided at least some of the seed money for the establishment of the bloc's ``regional defense school'' outside Santa Cruz, Bolivia. Iranian Defense Minister Ahmad Vahidi reportedly presided over the school's inauguration in May 2011, and Iran--itself an ALBA observer nation--is now said to be playing a role in training and indoctrination at the facility.\24\ Regional officials currently estimate between 50 and 300 Iranian ``trainers'' to be present in Bolivia.\25\ Notably, however, a personal visit to the facility found it to be largely unattended, at least at the present time.

iv. a latent operational capability

Conventional wisdom in Washington has long held that Iran's activism in the Americas is opportunistic--rather than operational. Yet the growing asymmetric capabilities being erected by Iran throughout the region have the potential to be directed against the U.S. homeland.

This was hammered home in October 2011, when U.S. law enforcement agencies succeeded in foiling a plot by Iran's Revolutionary Guards to assassinate Adel al-Jubeir, Saudi Arabia's envoy to the United States, on American soil. That attack, if it had been successful, would potentially have killed scores of U.S. citizens in the Nation's capital. The incident marks a significant development; as Director of National Intelligence James Clapper observed in his recent testimony before the Senate, in response to mounting international pressure and asymmetric activity against their nuclear program, it appears that

``Iranian officials--probably including Supreme Leader Ali Khamenei--have changed their calculus and are now willing to conduct an attack in the United States.'' \26\

Latin America figures prominently in this calculus. The foiled October 2011 plot is known to have been both orchestrated and facilitated via South America, suggesting that Iran increasingly finds the region to be an advantageous operational theater. Moreover, as Iran's influence and activities there intensify, the Islamic Republic will be able to field a progressively more robust operational presence in the Americas. Clapper concluded his Senate testimony with an ominous warning. ``The Iranian regime has formed alliances with Chavez, Ortega, Castro, and Correa that many believe can destabilize the Hemisphere,'' he noted. ``These alliances can pose an immediate threat by giving Iran--directly through the IRGC, the Quds Force, or its proxies like Hezbollah--a platform in the region to carry out attacks against the United States, our interests, and allies.'' \27\

## opportunity within adversity

Understanding these motivations is essential to assessing the significance of Latin America in Iran's strategic calculus, and to determining whether or not its efforts there are in fact succeeding.

For the moment, Iran's regional inroads still represent a work in progress. The Iranian regime has demonstrated a clear interest in Latin America over the past decade, and is now striving to expand its influence there. As of yet, however, it has not succeeded in solidifying this presence--or in fully operationalizing its regional relationships and institutionalizing its influence. As experts have noted, although Iran's promises of economic engagement with regional states have been abundant, precious little of this aid has actually materialized, save for in the case of Venezuela.\28\ Moreover, despite increasingly robust cooperation with regional states on mining and extraction, there is as yet no indication that Latin America in and of itself can serve as the answer for Iran's strategic resource needs.

Furthermore, an expansion of Iran's footprint in the region is not necessarily inevitable. Over the past year, the health of Iran's most stalwart ally in the region, Hugo Chavez, has become increasingly critical, and the Venezuelan strongman is now believed to be in the terminal stages of cancer. Significant ambiguity abounds over Venezuela's future direction--and, as a result, about the durability of the partnership forged between Caracas and Tehran under Chavez.

Iran's expanding regional activism therefore can be understood at least in part to be contingency planning of sorts; an effort to broaden contacts and ensure the survivability of its influence in the Americas in a post-Chavez environment. In this context, the regimes of Evo Morales in Bolivia and Rafael Correa in Ecuador figure prominently, with Correa in particular increasingly looked at as a potential successor to Chavez as a standard bearer of the new ``Bolivarianism''--and as an inheritor of cooperation with Iran.\29\ Iran's future progress in solidifying and expanding those partnerships will serve as an important barometer of the long-term survivability of its bonds to the region as a whole.

Since October 2011, policymakers in Washington have begun to pay serious attention to Iran's activities in the Western Hemisphere. But they have done little concrete to respond to it, at least so far. Despite heartening early steps (such as the ``Countering Iran in the Western Hemisphere Act of 2012'' recently introduced in the House by Representative Jeff Duncan), a comprehensive strategy to contest and dilute Iranian influence in the Americas remains absent. Unless and until such a strategy does emerge, Iran's efforts--and the threats posed by them to American interests and the U.S. homeland--will only continue to expand.

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Senator Menendez. Thank you. Thank you all very much. A lot's been said here that's valuable and I'd like to explore it with you. So let me start off.

Let me just make sure I understand. Dr. Arnson, you're not suggesting that a hearing of this sort is a politicalization of the topic? I assume if that's the case you wouldn't have accepted our invitation; is that correct?

Dr. Arnson. That is absolutely correct. But I do think that it's no secret we're in a political year, and this is a kind of issue--some of the other witnesses have indicated that they do not consider the Obama administration to have taken sufficiently seriously the allegations that have been made.

I know that you'll be meeting with people from the administration later this afternoon, and I suggest that those are questions better put to them. I'm not in a position to independently verify whether or not the administration is paying attention to it. It says that it is.

Senator Menendez. Our concern here is obviously substantive and we think that it is important to review all of the views that exist, to understand the depth of Iran's intentions and clarify their participation. So when you reference politicalization I wanted to make sure you weren't referring to this hearing.

From my perspective, I do believe the Obama administration has actually engaged in more sanctioning activities and enforcement of sanctions activity than ever before, and I think they are fully engaged and understand the nature of the threat. Our goal here is to determine another dimension of that potential threat here in the hemisphere.

Could we have even envisioned, in the last decade, that Ahmedinejad would have been able to visit anywhere in Latin America? I mean, a decade ago would you have thought that Ahmedinejad would have had an open door, maybe other than inside of Cuba?

Ambassador Noriega. Well, Mr. Chairman, if I can jump in, I think the extraordinarily important point of inflection here has been the hospitality offered by Chavez. They have absolute impunity to operate in Venezuelan territory. They have a

partner, they have an ally in terms of evading sanctions, obtaining uranium, and carrying out activities to support Hezbollah.

They have a willing partner that seeks to acquire military capabilities and deploy those military capabilities on Venezuelan soil. They have a petro-rich economy that carries out a very vigorous diplomacy, that has opened doors for Teheran in other countries in Latin America.

So I think the critical ingredient here has been Chavez. The only thing he has in common with that Islamic Republic is unrelenting hostility to the United States.

Senator Menendez. Mr. Berman, let me ask you. You ended on a note that I'm interested in. The question is Iran's motivation in the hemisphere, its interests and its abilities. Iran may not have it now, but is it seeking operational capacity in the Western Hemisphere? Does it have the potential resources, if it has the right set of allies in the hemisphere, to seek to effectuate operational capacity?

When you see Univision's ``airing'' of that which they received about cyber attacks against the United States, when you know about the facts that are pursued by our own Justice Department on the attempted assassination of the Saudi Ambassador, when you hear General Clapper's statements--this is not someone who would cavalierly suggest that it is something to be concerned. I'd like to hear your opinion, Is the search for operational capacity something that we should be concerned about?

Mr. Berman. I think so, sir. Here, I think it's useful to point out two things. First of all, Iran's presence in Latin America long predates the current debate over Iran's nuclear program. Iran was instrumental in helping Hezbollah put down roots initially in the Tri-Border region and beyond beginning in the early 1980s. So Iran's presence in the region is far more historic than we give it credit for.

Second, that presence has become an important part of Iran's strategic mix as the crisis over Iran's nuclear program has deepened. We here in town are still debating what the next steps will be with regard to Iran's nuclear program if diplomacy, if economic sanctions, are insufficient.

From the Iranian perspective, however, warfare, at least of an asymmetric variety, has already been joined, as manifested through Stuxnet, the malicious cyber worm, and other variants that have attacked their nuclear program. In this context, a peripheral strategy, in which Iran has the ability both to build and then to leverage asymmetric capabilities in various regions, is certainly smart strategic planning. While, as you pointed out, they might not have that capability yet, it is certainly one that they've paid increasing attention to as the international crisis over their nuclear program has deepened.

Senator Menendez. Several of you mentioned uranium exploration. This is something that we have sought to address in the Iran sanctions bill that passed out of the Banking Committee, that was inspired by my legislation earlier this month, requiring the imposition of sanctions on persons who knowingly participate in joint ventures with Iran's Government, firms or persons acting on behalf of the Government of Iran in the mining, production, or transportation of uranium anywhere in the world.

Obviously, there are responsible state actors who will look at not just the United States, but the world community, the EU and others, and say, we want to live within an international

order that says that Iran's march to nuclear weaponry is a concern and that uranium production for them is incredibly important toward that goal, and therefore we're going to follow the international effort to eliminate or dramatically reduce their ability to obtain uranium.

But some countries may very well not care. You both mentioned the possibilities of uranium mining in our hemisphere. Isn't this a potential opportunity for Iran to work with countries who may not necessarily be concerned by the sanctions consequence?

Ambassador Noriega. Well, apparently Bolivia and Venezuela are engaged with Iran companies and allowing mining activities to go on in their countries. Edhasse Sanat is an Iranian company that has industrial installations in both countries and operates mines in both countries. We can provide details about that. These countries may not care about the U.S. law, but they're obligated under U.N. sanctions to deny Iran access to material that could encourage its rogue nuclear program.

So I think there needs to be a considerable amount of attention paid to these activities that are going on and to hold these governments accountable, and I applaud you for the legislation that you have pushed in the Senate on this subject. But we can investigate, even though this is sort of denied territory--Venezuela and Bolivia being relatively unfriendly governments--we can nevertheless investigate the international financial transactions, dollar-denominated transactions, that are going on to this very day supporting Iran's activities in both of these countries.

Mr. Berman. Sir, if I may, a quick point. I think this is also in many ways an answer about the credibility of our sanctions threat. I commend you for passing legislation that begins to look at Iran's uranium activities and begins to counter them. But historically I think it's fair to say that our application of biting sanctions against Iran has lagged behind the Iranian threat, and as a result over time more than a few countries have come to view business with Iran as a calculated risk; they believe they can essentially get away with business as usual without facing serious censure from the United States.

I fear that with that as historical precedent, these uranium sanctions will face the same high hurdle in terms of credibility. If Bolivia or Venezuela, which are not predisposed to cooperate with the United States and help isolate Iran, sense that, while Congress is seized of the need to sanction them because of this uranium activity, there is no concrete followthrough, they're likely to continue business as usual.

Senator Menendez. I'm going to turn to Senator Rubio, but I think that the amendment that I authored and was passed 100 to nothing on sanctioning the Central Bank of Iran and sanctioning entities that deal with the Central Bank of Iran should send a pretty clear message to those who think they're making a calculated risk and business decision, that it's far more than a risk. So far, the administration's enforcement of that has been one that I applaud. I look forward to its vigorous fulfillment as the different elements of the law come to pass. I think that is our last best chance at the end of the day to deter Iran's behavior.

Senator Rubio.

Senator Rubio. Thank you.

First of all, the entire panel kind of continues to bring more clarity to this issue. I think we understand the Iranian

side of this equation pretty clearly, based on your testimony, that what they get out of this is, No. 1, the ability to avoid sanctions or trying to avoid sanctions, particularly economic sanctions; No. 2 is access to uranium and other raw materials that they need for their ambitions; and the third is an operational platform, to have--this is a country that clearly uses terrorism as part of its foreign policy mechanisms, and they are, according to your testimony, increasingly trying to develop an operational platform in the region. We don't know what stage that's in, but any stage is not a good one.

I want to focus for a moment on what these countries get out of it, and in particular what these governments in these countries. There's clearly not a religious affinity here. I mean, they don't share that. So what are--and my sense is, both from talking to expatriates from these countries and even people living there now, that it's not like Iran is a beloved country by the Nicaraguan people, the people of Bolivia, the people of Ecuador, the people of Venezuela.

In fact, in Venezuela there is a lot of resistance to the Cuban presence. You can only imagine the resistance there would be to the Iranian presence there.

What does Hugo Chavez get out of this and what do the other leaders of these countries get out of this arrangement? Because they're not getting the kind of economic support that Iran is promising. I don't know who wants to go first, but I think that's to the whole panel.

Mr. Farah. I would just say that what Venezuela is looking for and the Bolivarian states, I think as time has gone on they've become clearly increasingly criminalized as governments, particularly in the cocaine trade. I think the driving impetus has been for Chavez, from the letters I've read and stuff, his fascination with this ability to destroy the United States. If you read his letters to Carlos the Jackal, they're really magnificently megalomaniacal: I am here, destined to do great things, and I hold your hand as we go forward into history together, et cetera, et cetera.

So I think his personal view is of himself as this transcendent revolutionary figure, and I think that--but as time has gone on, I think they've become increasingly obsessed with the need to hang onto power at any cost. I think one of the fascinating things if you look at the Bolivarian trajectory is that they start out as elected and then over time they take over the judiciary, all the levers of government, destroy civil society, free press, et cetera.

But it's driven by the impetus that they know they can no longer leave power without facing consequences.

I think that one of the things that Chavez finds, besides his deep attachment to this revolutionary, romantic idea that radical Islam and Marxism can coexist in the South-North conflict and defeat the United States, is the tremendous drive to hang onto power.

I think that you mentioned terrorism as a foreign policy, a part of Iran's foreign policy. The FARC is a part of Chavez's foreign policy, and I think one of the great dangers you see in the region is the coalescing not only just of the state-to-state relationship, but the coalescing of the nonstate proxy relationship which you're already seeing.

This book, which was written, designed on Hezbollah's strategy, has recently been found in FARC camps for the first time, which shows the transmission of one type of military doctrine into another state proxy.

So I think long term they want to defeat the United States. I think that's very real in their minds, whether it's rational or not. And they really want to hang on to power more than anything else. I would say those are the two of the driving forces.

Dr. Arnson. If I could address this for a moment, there's obviously a huge political benefit that Chavez and other countries in the region get from publicly appearing with Ahmedinejad. It's an opportunity not only to assert independence from the United States, but actually to show their opposition to U.S. policy. I think that the mutual interests of the Iranians in showing up in the so-called United States backyard has a flip side, which is the interest of these governments in showing that they will oppose the United States and act to undermine its interests. I think that's----

Senator Rubio. Do you think there's a domestic political benefit to appearing with Ahmedinejad, for example, for Chavez, or an international? In essence, do you think he looks like a bigger leader to his own people when he does this or do you think that's more from an international perspective?

Dr. Arnson. I think it's more from an international perspective. I mentioned the poll that was taken by Latinobarometro. It's very clear that Iran is not popular in the region. Venezuela is partly a Caribbean country. The idea that women walk around in head scarves and covered, I mean, it's just a foreign culture. So I don't think that there's any political benefit to the countries in Latin America for this kind of relationship, other than a kind of an assertion of nationalism and sovereignty in showing that they're standing up to the ``Yankee empire.''

Senator Rubio. I think, unless someone disagrees with what Mr. Farah said, we can add to that, but what about these other countries? Are they doing it because of Chavez, or what does Nicaragua get out of this? What does Bolivia get out of this?

Ambassador Noriega. I think there are some material benefits that they're getting from the associations, no doubt. I think a lot of it is political. They're united, motivated by hostility to the United States and defiance of the United States.

When we look at these regimes, and particularly Chavez, we have to sort of think in his mindset and what we might regard as irrational, provocative, or irresponsible he sees as just one more act of defiance and, more importantly, creating the means to threaten the United States in an asymmetrical struggle.

So that's what makes the fact that he's dying so extraordinarily important right now, because there's a real struggle that will go on in the next 12 months about whether the hard-liners will hold on to power in Venezuela and might continue to be hospitable to Iran or whether a democratic transition has some sort of a chance. That's why we definitely need to be engaged.

I would say that the U.S. Government really needs to pay attention to the military-to-military cooperation and what quite literally Venezuela is getting out of the Iranian relationship. I think we will be startled by what you find.

Mr. Berman. As an Iran expert rather than a Latin American subject matter expert, I can only add a brief nuance. Ambassador Noriega talked in his testimony, at least in passing, about the transition that's taking place in Venezuela. From the Iranian perspective, we have a situation that

represents both crisis and opportunity. Iran, in seeking to entrench itself in the region, is very concerned about succession in Venezuela. It's very concerned about its post-Chavez operating environment in the region. And, as a result, over the last 12 months it has stepped up its diplomatic and political contacts with the regime of Evo Morales in Bolivia, as well as with that of Rafael Correa in Ecuador.

The health of those relationships, as Chavez continues to become more ill and the political transition takes hold in Venezuela, will be a very good barometer of how entrenched and how much freedom of operation Iran has after Chavez leaves the scene.

Senator Menendez. I just have one or two other questions. When we talk about the ability for operational capacity--Mr. Farah, maybe you, with your expertise on organized crime and drug cartels in the Western Hemisphere--but I welcome anybody's assessment. Looking at Iran's diplomatic outreach and commercial ventures, we know the IRGC and Quds ultimately in an Iranian context have a big part of their commercial enterprise behind them, which is why I targeted the IRGC in our sanctions legislation.

Do you think that this is an opportunity for them to establish a force presence in the region? Is that something that is possible, and what would it take to be able to operationalize that?

Mr. Farah. Well, I think that targeting the IRGC is exactly right. I think that they are the driving economic force and in the military-to-military relationships. I think if you look at the merging of state and nonstate actors, which I think you've seen these hybrid transnational organized criminal organizations now appended to states, and you see particularly the government of Hugo Chavez, but also Evo Morales, using now transnational organized criminal groups as instruments of state policy, particularly the FARC.

I think if you look at how they need specific control of geographic territory, I think that that is what primarily their alliance with these transnational organized criminal organizations can do. If you look at how products--illicit products--move across the region, if you're moving 30 kilos of cocaine or 300 AK-47s or 30 Chinese illegal immigrants, they're going to pass through the same basic pipelines and the same basic choke points, and 95 percent of the time they will cross our borders undetected and unimpeded.

So I think access into that network, that pipeline that's able to move any product basically across the northern tier of South America, through Central America, across our borders, undetected is tremendously beneficial to them if they choose to use that as a way to move either people or elements that could be either WMD or whatever.

In the report I did for DOD, that was what we were looking at: What is the potential for WMD movement? That was our conclusion, that even a tiny country like El Salvador, the size of Massachusetts, has 460 puntos ciegos, blind crossing border points that are uncontrolled completely. They have no control over their air space. People routinely file a flight plan to land in Comalapa, the main airport, and then say, as they're flying into Salvadoran air space: We'd like to land in San Miguel instead. And they say, OK, and there's no customs, nothing.

So there's a whole pipeline available to them as they plug in, and I think that, particularly on the sanctions-busting, if

you look at Panama again, as one of their crucial elements now in how both, Chavez, but particularly Iran, is using to launder their money or access money and access dual-use things.

I'll just end saying I had a fascinating talk with someone who had just left the International Atomic Energy Agency, who knew nothing about Latin America, but had been focusing on Iran for many years. I was asking them, what is their basic MO? When they're doing dual-use things and things, what do they look at? He said: Well, they almost always do two things: tractor factories and car factories.

I was like: No kidding? We have tractor factories and car factories both in Bolivia and Venezuela. And I asked him what the purpose of that was, and he said because they can get so many things that they need in the manifests, that are tucked away, that are impossible to detect unless you want to spend 6 months reviewing their manifest, that they can move virtually anything with those two things. He said that's what they traditionally use, and if you look at what's happening in Latin America, they're building tractors that no one buys, cars that no one buys, and very few of them, but they have the factories and the shipping component mechanisms in place.

Senator Menendez. It's interesting.

One of my concerns I mentioned in the opening statement is that places like Venezuela and Bolivia require no visa from Iran, despite relatively weak certainly touristic ties. And even in Ecuador, we have seen movement of Somalis coming from Ecuador up, attempting to come into the United States. So the pipeline that you talked about for moving anything can start with an entry point at which there is no visa required. Is that a legitimate concern?

Mr. Farah. Absolutely. I think if you look at it--I'm doing a study for Homeland Security right now on human smuggling and one of the fascinating things is that almost every non-Central American large contingent of migrants goes through Ecuador. Why? Because Ecuador listed visa requirements on everyone except for two or three countries in the world. So they're suddenly inundated with Chinese organized crime, Russian organized crime. It's like water running downhill. As you well know, they'll go where it's easiest to operate, and suddenly Ecuador has become overwhelmed with massive criminal elements because it's so easy to get there. Every group of Chinese, major group of Chinese, Indians, Sri Lankans, Somalis, pass through Ecuador for that precise reason.

Having the opportunity to review some internal Ecuadoran documents on immigration, they had more than 480 Iranians coming and going out of there unregistered, not registered in the normal way, out of Ecuador, which isn't a huge number, but given the fact that none of them are tourists, one should wonder what the purpose is, given that their embassy supposedly has a very limited number of people, about 6, when they probably have much closer to 50.

But anyway, there's numerous--there's many interesting elements to what the lack of immigration control and the lack of visas offer countries like Iran, as well as transnational criminal organizations.

Senator Menendez. Two final sets of questions.

Ambassador Noriega. Mr. Chairman, something to recognize as a tactical opportunity that the Iranians and terrorist organizations have acquired from the association with the Venezuelan authorities: the estimates are there have been hundreds of thousands of official Venezuelan documents issued

to people who have no real association with Venezuela, who can't even speak Spanish.

We've spoken with security officials throughout the hemisphere who refer to persons that they arrest or detain with Venezuelan passports who don't even speak Spanish.

The other question you asked about the operational capacity to detect what's going on. The DEA was able to discover this October 2011 plot to commit a bombing here in the United States, because they set aside conventional wisdom about what Iran would be capable of doing. And now we know from General Clapper that this bomb plot was a probably decision made at the very highest levels of the Iranian regime.

The IRGC was involved in that activity. They are also mysteriously involved in industrial activities in Venezuela in the petrochemical industry, for example. You have to ask, What are they up to there?

Also associated with the IRGC and the Quds Force, Mohsen Rabbani, who I referred to, who was the cultural attache of Iran in Argentina and who was implicated in the 1992 and 1994 bombings in Buenos Aires. He maintains a network on behalf of Hezbollah in the Western Hemisphere. People that he recruited when he was assigned in Argentina are still operating up and down the South American Continent, recruiting, proselytizing, and radicalizing.

His brother lives in Brazil. Rabbani has a red notice from Interpol. He's not supposed to be able to travel. He has traveled to Brazil at least a couple of times in the last 12 months. His brother runs a mosque in Brazil, where they recruited dozens of people to his cause.

So the IRGC footprint is there and the common denominator is the audacity. We really need to pay attention to this and set aside conventional wisdom to understand what they're capable of.

Senator Menendez. Dr. Arnson, I see you want to comment on this, and then I have a question for you.

Dr. Arnson. Just an additional comment. Assistant Secretary--former Assistant Secretary of State for Latin America, Tom Shannon, replied or commented during an earlier Ahmedinejad trip to Latin America that ``Past is prologue,'' and he was specifically referring to the Iranian involvement in the bombings that took place in Argentina in the early 1990s. One can only surmise that in the 20 or so years that have passed since those took place that that capacity has been expanded and has developed.

Whether it's an offensive capacity or a defense capacity is something that I certainly am not prepared to comment on. But one could imagine that Iran, as it feels encircled in the world and threatened by military attack, would actively seek to be able to strike back. Many of the panelists have referred to asymmetrical warfare and I find that extremely plausible as something that Iran would try to do. Whether I have evidence that that is actually taking place or whether it's on the verge of becoming operational is not something that I can comment on.

Senator Menendez. I appreciate that.

Let me ask you--in a 2010 report on Iranian military power, the Office of the Secretary of Defense noted that, ``Iran seeks to increase its stature by countering U.S. influence and expanding ties with regional actors in Latin America.'' Last month the Iranian regime formally launched HispanTV, a Spanish language analog to its English language press. What do you view that effort to be?

Dr. Arnson. Well, obviously, having a Spanish language news outlet is an effort to spread propaganda, win hearts and minds in the region. Iran faces a sharp uphill battle in that effort. There's not a great deal of sympathy among populations, but it's an obvious propaganda tool.

I think it's notable that it was several weeks after the Iranian President traveled to the region most recently in 2012 that that was announced. It's an obvious attempt to spread the Iranian point of view among what it considers to be a potentially receptive audience. How effective that will be, I think, is anybody's guess. My guess is that it will not be that well received.

Senator Menendez. My final question. There have been independent sources that have stated that Hezbollah has training camps in the jungles of Venezuela. I'm wondering if any of you have any information on that? Also, are any of you aware of newspaper reports of a jointly constructed missile base planned for Venezuela's Paraguana Peninsula? Any of you have any knowledge of that?

Mr. Farah. On the training, sir, I would say that I think that the Univision documentary, and if you read the book by Antonio Salas, ``El Palestino,'' it goes into great detail, by a journalist who specializes in going undercover for many years. He spent time in the Hezbollah camps in Venezuela, and I think if you look at his track record, I don't know him personally, but if you look at his track record of investigations, they've been really, really outstanding. Many people in his other investigations have been convicted and gone to jail based on evidence he's provided. So I would take that seriously.

I think that what the Univision folks were able to show was that you have a Venezuela colonel providing weapons and ammunition to militias being trained by folks who were formerly of Hezbollah in the field in Venezuela. It's not as direct a tie as Mr. Salas makes in his book, but he gives names, dates, exact locations, et cetera. So I would say that that to me would be a very credible threat.

On the missiles, my people tell me they don't have any evidence to support that, but others may have.

Ambassador Noriega. Regarding the published reports on the missiles, of course, we've seen those very specific reports for close to 2 years. We've received specific information that's very disturbing, that tends to corroborate the possibility.

This would be a real escalation, because the published reports that we've read refer to ballistic missiles, which would be a real escalation in the region, and it would require a U.S. response. No country in the region really would be capable of responding to that sort of escalation if Venezuela has acquired that capability. The good news is it would also unite other countries in the region with us in wanting to deal with that escalation.

We have some information. We'd be glad to share it with the committee privately on that subject.

Senator Menendez. Thank you.

Just for the record, it is the reports of a missile base, not necessarily missiles. But we look forward to seeing some information.

Senator Rubio.

Senator Rubio. Thank you.

I want to close my part of this by focusing on the capacity part, because one of the challenges I have found here is--and

it's hard to get people to believe this. When people think about terrorism and terrorism threats to the United States or any threats to the United States, Latin America, the Western Hemisphere, is just not what comes to mind. It's just not been the case. It's just hard to get people to take it seriously.

So we don't know where they are capacity-wise. I think that's still a matter of debate, although we clearly know what direction they'd like to go. That's what I want to focus on before we close today, is intent; where their mindset is.

Before that, if I can, I want to rely on an article from the Miami Herald that cites extensively from the Univision network's documentary. It says--it talks about this former consul to Miami, Liva Acosta Noguera, and it says that ``one month''--``The decision to expel her came one month after Spanish-language Univision network broadcast a documentary about Iran's alleged terrorist activities in Latin America, including a taped segment in which she asks an alleged Mexican hacker to give her the access code to nuclear facilities in the United States. In the tape, the alleged hacker''--who is playing a part--``says that he provided the secret codes and the location of each of the U.S. nuclear plants to Iran, and a voice attributed to her is heard to say `You should give me that,' she says, `so that I can send it to the president,' ''--meaning Chavez--`` `or rather, the chief of defense. The chief of presidential security is my friend,' she says.''

This tape was made while she was the cultural attache at the Venezuelan Embassy in Mexico. Then it goes on to say: ``Documents obtained by the Herald indicate that she actually performed other functions there as well. According to these documents, Acosto and Vice Consul Edgar Gonzalez Belandria, who was in charge of issuing passports at the Miami consulate, were registered in the Savings Bank of the Bolivarian Intelligence Service, all indications that they are in the intelligence service's payroll.'' ``Sources close to Venezuelan security organizations reached Belandria, said that they had knowledge that Acosto was a member of the Bolivarian intelligence network and that she did intelligence work while working in Mexico.''

Now, obviously this wasn't a real hacker and this wasn't a real offer. But what I think the Univision documentary shows is intent.

I guess my question is, in your opinions, based on what you've seen, know, and heard about Iran, is this an isolated incident of someone trying to show off and be a big shot, or is this the kind of miscalculation, is this kind of stuff that we can see from Venezuelan officials in the future, because at the very top of that organization we have someone that, as you've described him, is not in touch with reality, has these illusions about being some sort of transformational historical figure, and who as a result could lead to someone making a very serious miscalculation that could quickly escalate into a very big problem.

So my question is, Is this an isolated thing about someone trying to show off? Was she just trying to be a big shot, or is this the kind of behavior that's going on on a repetitive basis because people are taking direction from the attitude coming from the top? Because if it is, this is a recipe for a miscalculation and a regional disaster.

Mr. Farah. I would say it's, unfortunately, far from an isolated incident. I think we've had numerous. In my work with the U.S. Government and elsewhere, it's clear there is a network. I think this is one of the primary misunderstandings

we have about the Bolivarian Project, is we view Venezuela, we view Bolivia, we view Ecuador, we view Nicaragua, when in fact they're states operating with a common goal, sharing resources, and with a common criminalized element to them, which is deeply disturbing.

But it also implies a very concrete common intelligence apparatus. If you look at the role that Cuba plays in this alliance, what they bring to the table is a very structured internal military intelligence apparatus that these countries have never had. Bolivia never had it. They tried. They never got--even through all the military--they never got anywhere near having a competent internal security service.

Ecuador is the same thing. Iran has now provided President Correa with specific listening technology, intercept technology, that runs out of his palace and is directed by him directly.

So I think that it is far from an isolated incident. I think exactly what you said is--I don't know if--I think Hugo Chavez has a greatly exalted view of himself, obviously. I'm not sure that--he's out of touch with reality, certainly as he views it. But I think that that's exactly the type of--I think that is exactly the recipe for the miscalculation that worries me most, is that because they're wrapped up in their own world and believe certain things are possible--if you read Vertrynge's book, it's really rather preposterous. It's not a smart manual on asymmetrical warfare. It's a diatribe against the United States and where to go to find out on line how to make weapons of mass destruction and why we should be able to do this to defeat the empire.

It's not a rational, coherent, military doctrine as you would lay out in a U.S. military academy or European or even Latin American military academy. But it shows this grandiosity of intent, and I think that that is a profoundly dangerous element to the Bolivarian revolution, and when you add in the Iranian mix. We have multiple other cases of Venezuelan diplomats operating as intelligence agents. We have multiple cases of Iranian diplomats operating as intelligence services, and multiple cases of the Cubans serving as facilitators among the different Bolivarian intelligence structures, which are now more united than they were.

So I think it's far from an isolated case, and I think that it is profoundly dangerous to live in a world where you think you can launch a nuclear attack as a way of destroying the United States and that there would be no rational consequences to it.

Ambassador Noriega. Senator, I would like to add to that. I agree entirely with what Doug said, of course. That Univision report also included a tape of a Mexican youth who found himself in Qom at a training center. We've talked about this recruitment and training of youth, and here's a guy literally on television explaining his experience. He recognized that this was not for him and he essentially fled the country. He saw people around him from other countries in Latin America who were being trained in this radical Islam and in terror methods and all of that. It was an insight into the sort of thing that we're talking about, that's happening behind the headlines.

There is an interesting aspect of the Acosta Noguera situation. U.S. officials supposedly had access to this tape before she was even accredited as consul general in Miami. Why was she even allowed into the United States? More to the point, her former boss in Venezuela's Bolivarian intelligence system,

who's now retired, was just given a visa to enter the United States. I guess he's going to Disneyland or something. But it's just like we do not learn----

Senator Rubio. Who is her former boss?

Ambassador Noriega. I can get you the name.

Senator Rubio. OK.

Ambassador Noriega. I was told by a U.S. law enforcement official, who was very frustrated that this person was given the visa to enter the United States.

Senator Rubio. Is the Disney World thing just--is that really what's happening?

Ambassador Noriega. I don't know.

Senator Rubio. Oh, OK.

Senator Menendez. Senator Rubio has a very serious concern about Disney World. [Laughter.]

Senator Rubio. That's right. I care who we let in there.

Senator Menendez. Let me close, thank the panelists and make an observation. After September 11, when as a Member of the House of Representatives I sought to invoke into law all of the recommendations of the September 11 Commission, I said: ``We live in a new world. It is a world in which an airplane used for commercial and business travel has become a weapon of mass destruction. It is a world in which a letter can be used as a deadly weapon when it is laced with anthrax. It is a world in which we must think differently than we thought before September 11.''

It is in that spirit that I view what this hearing is about; that we must look at the potential, the possible, think outside of the box, understanding that if I wanted to do harm to the United States, and could operationalize the ability to do that in America's front yard, then I certainly would want to.

That doesn't mean that it will effectuate itself, but I would think that the desire to do so would be real, and therefore I take General Clapper's comment seriously. I take the Department of Defense's view of the efforts of influence here seriously. And it is in that spirit that we have held this hearing and will continue to pursue information as it relates.

Since I assumed the chairmanship of the subcommittee, I've had it as my focus to pay attention to this part of the world, which has often not had the full attention of the broad scope of U.S. policy in a way that is in our national interest and our national security.

So I appreciate all of the witnesses' attention, and we thank you for your insights. I thank my colleague for his full engagement. And with that, this hearing is adjourned.

[Whereupon, at 11:24 a.m., the hearing was adjourned.]

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Additional Material Submitted for the Record

Op-ed by Senator Richard G. Lugar, U.S. Senator From Indiana and Ranking Member of the Senate Foreign Relations Committee

[From the Miami Herald, Feb. 15, 2012]

Growing Risk Posed by Iran-Venezuela Axis

(By Senator Richard G. Lugar)

The growing and deepening alliance between the mullahs of Iran and the America-bashing leader of Venezuela, Hugo Chavez, poses a serious threat to U.S. national interests, but the Obama administration has been behind the curve in appraising these risks and forging effective policies to counter them.

The administration's neglect of the dangers in the Iran-Venezuela bonds assumes greater importance against the backdrop of the rising tensions in the Middle East. Iran continues to be a direct threat to U.S. national security, the security of our close ally, Israel, and other U.S. interests. As Iran accelerates its drive toward building a nuclear weapon in the face of growing U.S.-led sanctions, the probabilities grow of a major conflict in the region.

Countries that support Teheran, such as Venezuela, could be tempted to serve as proxies for Iran around the world and in coordination with Iran openly challenge the United States. Iranian government officials have already made statements to the effect that any response to aggression would include the closing of the Strait of Hormuz, the choke point through which a fourth of the world's oil moves. Venezuela, in sympathy with its friend Iran, could at the same time cut off its oil exports to the United States or take other steps to disrupt oil supplies.

Yet the administration has paid little attention to Venezuela's tightening links with Iran and the consequences for U.S. security. The most glaring recent example is President Obama's cavalier decision last year to delay construction of the Keystone XL pipeline, which would bring Canadian oil down to Gulf Coast refineries that now rely heavily on Venezuelan crude. Ending our energy dependence on Venezuela would take the oil weapon out of Chavez's hands, in effect disarming him without firing a shot.

Hostile Iranian actions in the Western Hemisphere are not far-fetched, they are a reality. Iran is seeking to establish terrorist networks around the world, and it sponsored a terrorist attack in Buenos Aires in 1992. The bizarre plot by Iran against Saudi Arabia's ambassador to Washington, disrupted last year, further illustrates the mullahs' brazen intentions.

The chances of Venezuela serving as Iran's surrogate in the hemisphere through terrorism or other coordinated action are increased by its chaotic state of affairs. Venezuela is in the midst of a make-or-break election that will determine the survival of its democracy amid continuing doubts about President Chavez's health and a welcomed show of will by its diverse opposition groups. Divisions in Venezuela's Russian-armed military, an inflation rate over 30 percent, a dilapidated oil infrastructure, widespread food and energy shortages, and soaring crime rates are all putting heavy pressure on President Chavez.

President Chavez may think he would benefit from redirecting attention away from his domestic troubles by uniting his followers and feeding his paranoid ``anti-imperialist dreams'' in a battle against the United States.

At the same time, Iranian-Venezuelan ties are steadily growing. Iranian President Mahmoud Ahmadinejad made a five-day visit last month to Venezuela and three other Latin American countries, his fifth trip to the region since 2005.

If Iran were to close the Strait of Hormuz in a conflict, global oil prices would skyrocket. Venezuela supplies about 10 percent of current U.S. imports of crude oil and petroleum products. In a scenario where the Strait is closed, a coordinated shutdown of Venezuela's oil to the United States would be a double blow to the United States.

I call on the Obama administration to address promptly the threats to the United States should Venezuela use energy as a weapon. The president should:

Issue an explicit warning to Venezuela that the United States would regard a cut off of oil exports in coordination with a belligerent Iran as a threat to U.S. national interests.

Expand strategic energy agreements with Brazil and other countries in the hemisphere to help assure access to supplies of petroleum, refined products and ethanol in the event of a crisis.

Immediately approve construction of the Keystone XL pipeline, as he is authorized to do under a recent law I sponsored, to supply Canadian crude to the Gulf Coast refineries that now depend on supplies from Venezuela.